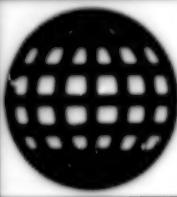


JPRS-EER-92-060

15 MAY 1992



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# ***JPRS Report***

## **East Europe**

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# East Europe

JPRS-EER-92-060

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**Article Views Rising Crime, Law Enforcement**

610805120192 Tirana ALTERNATIVE & SD  
in Albanian 3 Apr 92 p 1

[Article by Dr Apolion Bacic "Crime, the Rule of Law, the Citizens"]

(Text) The absence of public order is at present one of the most principal concerns, not to say the foremost. This absence weighs heavily not only on the policemen, whose life is simply being threatened with each passing day, but also on schoolchildren, workers, intellectuals, peasants, and, in a word, on all Albanians. Fear for one's life is the immediate pain caused by this wound, but no persons act throughout the entire social organism by transforming and paralyzing it. Alongside the apathy toward work, the hemorrhage caused by the exodus, and the hesitation to start firms, this absence also prevents foreign investments, which are the only possible means of saving us from an economic malaise. A businessman from Texas formulated his refusal to invest in Albania like this: "If you are setting fire to your schools, why should you spare my factories?" The comparison "An investor is like a deer. Both vanish at the slightest noise," is Gotscher's. We lack neither houses, nor guitars in broad daylight and even more in the night. Asked what problem worried him most, a citizen from Ballsh answered, almost shouting, public order. Somewhere nearby the silence of the night was broken by machine-gun fire. His reasoning was as simple as it was convincing. What are the art, law, prices and a good job if they kill me? Such reasoning angers all the inhabitants of the city and nearby villages and also three-fourths of the inhabitants of the authoritarian mountain villages who were questioned on this to list the absence of public order as the most important problem. This questionnaire thus expresses an all-Albanian anxiety which demands a quick and fair solution.

If until four or five years ago, Albania was the first in Europe for its very low rates of crime and violence, why have crime and violence developed so explosively? Who are the authors and organizers of the crime and violence? Is this crime crystallized and organized or is it random and spontaneous? How can we regain the lost calm without going off the rails of democracy? It is up to specialists in this field, lawyers, police experts, and sociologists to be the first to raise these questions. The importance of establishing public order requires someone, even with defective knowledge and nonprofessional training, to take courage and light the spark of discussion.

**Crime Rates and Characteristics**

Compared to 1985, murders have increased tenfold, almost one per week and lately nearly one per day. This gives Albania an honorable place in Europe as regards the number of crimes per capita. Our neighbor Italy has only one-fifth of the number, though it is helped by the Mafia and Cosa Nostra.

The crime and violence in the city differs from that in the countryside. They differ only in the sudden concentrated operations to劫 the material goods that are brought by road and are stored in warehouses or schools. Typical for

our countryside are murders over field boundaries and blood revenge. Of these, the first have at least an explanation, however cruel, i.e. people's eyes meet over when faced with private property or the relevant institutions are cluttered. However bringing back blood revenge from the ghastly darkness of medieval times surprises one. Why should anyone avenge someone murdered before he was born, when the murderer has lived alongside him all the time? One is involuntarily reminded of the naive and paradoxical idea that "Reconciling blood feuds in Kosovo is genocide against the Serbs" and of the brutal supplementary implication "because you are not killing each other you will have us to deal with."

Such phenomena belong to the customary law, the Canon of Leku Dukagjini, which is the most classic index of the absence or malfunctioning, or more precisely the unwillingness to have a law-governed state.

In the towns, violence and crime have become savage, presumptuous, and all-powerful. Although burglaries of apartments have abated somewhat since the "black market" reduced the value of people's salaries and second-hand electrical appliances, they still continue. However the burglars no longer have the patience to wait until the householder leaves. They simply enter if you are fortunate, they threaten you with weapons, and if you are not, they kill you in cold blood, as it happened last week. Blind crime has come to the fore. It can strike anyone, anywhere, at any time, and for any reason or for none—a school pupil in Shkoder, an electrician in Tirana, a policeman at the student campus. Alongside this, "dark forces" have in the last two years visited political crime to sow a furor of violence, devastation, and murder. Political criminals can camouflage themselves very easily among the many crimes without a reason, like those who dragged through the dust the former Milosh of Enver Hoxha. In the end, it is hard to tell the difference in the night between the blue uniforms of a real policeman (who has come to mean someone acting in self-defense and without weapons) from the blue stains of someone else. The street terror has to a large extent come to justify the slogan, "There was plenty of peace in Enver's days." It is alienated and manipulated people rather than the standard slogan, "This is what democracy has brought us," that really encourage crime. The phrase "If we had behaved like you, we would have become like you" applies to the prisoners of conscience and not to the citizens and its vagueness suits that impression them and whose specialty remains political violence.

**Criminals and Their Social Structure**

Criminals in the towns, mainly aged between 17 and 27 belong to the generation of "orphans children," who only saw their parents at supper, when poverty forced them into close quarters with each other or on Sundays, when the frustrations of the work were vented on their backs. They belong to the generation after 1945, when the "Austrian reforms" destroyed the authority of schools and the Army and removed the moral restraint of religion. This was the time when there were no more jobs and the only place for entertainment or learning was the sidewalk, where a single bad apple was enough to corrupt a basket of uncorrupted

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young people. All these things, finding hospitable terrain, created and suppressed in the subconscious a whole gallery of monsters whose sole guardian was fear. When fear vanished, the border between consciousness and the subconscious also disappeared, and the monsters prevailed over reason. The criminality thus has caused has now grown past its initial stage, and groups in large cities such as Tirana have grown from four or five people to 40 or 50. Crime now has a rudimentary hierarchy, a kind of moral code, and primitive logistics. However, a lack of strategy, is overt and recorded, and in terms of numbers involved fails short of crime of the Cosa Nostra kind. Above all, there is a lack of what Mafia bosses call "corvelli," or brains. However, the main lack preventing its crystallization into a profitable industry with an unbreakable structure paradoxically is the cause that gave it birth: poverty. If this prosperity comes tomorrow before crime is less eliminated, organized crime and its inseparable associates drugs, professional prostitution, and kidnappings, are guaranteed. This will be a wound that will be impossible to heal in the future.

**Shortcomings and Failures in Eliminating Crime**

If an ordinary infection disseminates and a doctor does not cure it, nobody blames the sanguicocci for the doctor. The Public Order Ministry is the doctor for the elimination of the infection of violence and crime. Who is therefore at the root of this incompetence are the causes objective or subjective, and, if they are subjective, what hides behind them?

One of the objective reasons is the release of culprits by the investigator, perhaps out of indifference or because of bribery. When a policeman is threatened the next day by a just-released criminal, this inevitable renders him impotent and turns him into a mere spectator. However, this investigator, too, has his superiors in the president and the Socialist majority in the parliament, who can at least be blamed for lack of coordination. It also hardly helps when the occasional Democratic Party deputy stands up and without being well-informed about the incident at Kameni, turns the criticism onto himself and blames the police when they acted fairly. However, the use of this incident to justify inertia was equally damaging.

The other main reasons cited by public order officials in the parliament and in television interviews are lack of personnel and equipment and low educational and professional standards. How far do these excuses hold water?

The number of policemen and rapid-deployment forces per citizens is now one to 50, which is 1.7 times higher than the highest ratio in Europe, or Italy (1 to 250 [figures as published]). If we bear in mind the density of police in the towns, the ratio for Tirana is one to 60, which is 4.2 times higher than in Italy. Nevertheless, anybody who knows Tirana knows that the police and darkness are not often seen together.

Beyond all doubt, our police lag far behind Europe in their equipment. However, it is also beyond all doubt that crime exists as a much less sophisticated than in Europe. This raises the question of to what extent the police use the

resources available to them. For example, the preparations for the amazingly synchronous attacks on the warehouses at Prizren, Lushnje, and elsewhere were known three days beforehand. I do not think that you need to be a police officer to realize that an offensive by an unarmed crowd can be broken up by dogs, water cannon, and tear gas, and without firearms. Even though the border guard dogs have vanished along with the border and the fences are not working, there is still gas. The depots are full of gas, and a tear gas grenade costs no more than \$4 or \$5. Twenty or thirty attacks can be repelled by 100 to 150 such grenades. This raises the question of why people's lives, first of all those of ordinary policemen and officers, should be put in danger simply because of an inability or unwillingness to find \$500 to \$600.

Although the minister said of his policemen that they are unarmed peasants, Albania is the only country in the world where the most ordinary policeman is more cultured than a minister with eight grades of elementary school or S. Slobodan, the welder and Politburo member. Despite the myth that European policemen are educated at college and speak three or four languages, I have so far not met a German, French, or Italian policeman who knows any language but his own. That would in Albania have been enough to become a minister like S. Slobodan, but not a policeman, who requires at least a secondary education. The Albanian police are therefore among the world's most educated, and if anybody lacks the right to complain about their professional training, it would be the Public Order Ministry, which controls the police school. It is perhaps worth mentioning here that the Green Berets, the elite of the U.S. Army, receive four months of training.

A number of other questions are also hanging in the air. These include inadequate supervision, failure to rigorously enforce the law on the carrying of weapons without a license and the failure of men who are no longer active servicemen to hand over their weapons. The murder of the policeman at the student campus could have been avoided if the murderer, a former policeman, had handed in his weapon at the end of his service. The seriousness of the law of carrying weapons without licenses has been shown by the incident in which an armed group even held up the justice minister. The release by the police of one of the delinquents who was caught gives rise to a certain suspicion. The refusal of the police to sue him again "because they did not know him" increases this suspicion, and the arrest of the entire group for eight hours turns it into a solid conviction. The police knew this group well.

Beginning to a questionnaire before the elections, five out of seven policemen expressed themselves in favor of democracy, one was neutral, and one was for socialism. However, there is no lack of radical conservatism at the top, who no more than one year ago wanted to teach the "traditions to the achievement of Comrade Enver" up to President Alija. If we embark from the principle of "nobody acts against himself," this is the case, at the very least suggests clairvoyance.

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**Regaining Lost Calm**

The aforementioned description presents only an exaggerated proportion of the problem in all its complexity and importance. Speedily eliminating these phenomena and their causes will require drastic pruning of the parasitic branches and those that nourish them with clamorous incompetence, and obscurantism, but without in any way cutting into or destroying the trunk. He who carries out this pruning and sets a faultless machine in motion, replacing moldy ideas with up-to-date thinking and solving today's problems without forgetting those of tomorrow, must be vigorous, careful, and balanced in both thought and action. The view expressed in an article in KOMA JONE, that the future minister of public order must be able to down the

occasional glass with the crime bosses in order to bring them back to the paths of righteousness, leaves you open-mouthed.

I think that this is the most delicate post today, perhaps more important even than that of the prime minister. Its holder will either rescue us from physical, psychological, and economic chaos or will plunge us irreversibly into it.

At such times, vacuums have found other people. An amateur CIA chief, President Compaq smashed the Red Brigade. As surely communism. I think that there is no lack of such people in our society.

## BULGARIA

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### Developments in Banking, Consolidation Company

#### Postal Bank

928 007624 Sofia BULGARSKI BIZNES in Bulgarian  
1 Mar 92 p 6

[Article by Ekaterina Panayotova and Venustian Katsanov  
"Bulgarian Postal Bank Develops a Strong Branch Office Network"]

[Text] The Postal Savings Bank was founded on 1 April 1919, and the Postal Check Service was created in 1926—a financial institution offering such modern services for the times as postal traveler's checks, disbursement accounts for physical persons, and so forth. In 1951, by the decision of the Council of Ministers, the Postal Savings Bank and the Postal Check Service were closed and their assets and liabilities taken over by the newly founded State Savings Bank. Forty years later, on 2 April 1991, the Bulgarian Postal Bank (BPB) was created, with a fixed capital of 60 million leva, by agreement of the Committee for Communications and Information (KSI) and the Peoples' Palace of Culture (NDK).

The Bulgarian Postal Bank is a corporation with full government participation; the shareholders are the KSI—40 percent of the fixed capital; post offices and telecommunications—40 percent; and the NDK—20 percent.

The Bulgarian Postal Bank differs from branches of the same name in Europe in that it offers a full range of bank services in leva and foreign currency—term deposits, payments in leva and hard currency in the country and abroad, buying and selling and exchanging hard currency, credits, and loans. It is one of the 14 banks in our country that have a full license for carrying out bank activity on an international level. The BPP is not yet a member of the SWIFT telecommunications system, but it has announced a desire to participate, and this will take place in the beginning of 1993. According to Mr. Momchil Andreev, an expert in the "correspondent relations with foreign countries" department, the international activity of the bank takes place in the following directions:

The BPP already has correspondent accounts in 16 banks in Europe and the United States, including:

- American Express Bank Ltd., New York, in U.S. dollars;
- American Express Bank GmbH, Frankfurt am Main, in German marks;
- American Express Bank, Ltd., Vienna, in Austrian schillings;
- Amdenbank, Brussels, in ECU's;
- Amdenbank, Brussels, in French francs;
- Amdenbank, Brussels, in Belgian francs;
- Swiss Bank Corp., Zurich, in Swiss francs;
- Swiss Bank Corp., New York, in U.S. dollars;
- Lloyd's Bank PLC, London, in British pounds;
- Den Demirik Bank, Copenhagen, in Danish kroner;

- Banque Nationale de Paris, Paris, in French francs;
- Cattolico, Milan, in Italian lire;
- DG Bank, Frankfurt Main, in German marks;
- Crédit Lyonnais, Paris, in French francs;
- Nordbattärn, Stockholm, in Swedish kronor;
- Banco Bilbao Vizcaya, Madrid, in Spanish pesetas.

The BPP has established contacts with the Finnish, German, Polish, Austrian, and Hungarian postal banks. Quite recently, it was visited by representatives of the Dutch Postal Bank, who shared their experience in the exceptionally effective endorsement system they use. This system makes it possible to perform an enormous number of bank services for physical and legal persons. It is attracting an enormous number of clients and, from that, comes reserves. The system also offers insurance services.

The BPP has the ambition to fill a vacant space in the bank market—namely, servicing physical persons and small and middle-sized businesses—which differs from the other commercial banks. The advantage of the BPP, as Mr. Andrey Andreev points out, is that it is closely linked into the structures of the postal services—that is, an established network is available. Moreover, it implements bank services by using the telecommunications connections of the KSI that have been created. A great advantage of the bank also is the presence of personnel in the post offices for whom large-scale bank operations are not a problem. All of this opens great possibilities for rapid establishment of the branch network of the BPP.

For now, the structure of the BPP is as follows:

A central administration in Sofia, which develops the strategy of the bank and administers the remaining levels. It summarizes and analyzes the information coming from the lower levels. The central administration also carries out the relations of the bank with foreign financial institutions and controls the monetary activity.

Regional branches in the administrative centers of the country (approximately 30) are envisioned, which provide a full range of bank services. They work under the conditions of limited financial autonomy. The regional branches regulate and control the activity of the subsidiaries and the agencies in the region.

Subsidiaries (intermediate links between the regional branch and the agency of the bank in the post offices). There will be approximately 130 of them, and they will have a limited range of activity: receiving deposits, opening accounts of physical and legal persons, payments in leva, granting credit, and so forth.

Agencies of the bank in the post offices, which are to be about 3,000. The following services are performed in them: deposits of physical and legal persons and cash payments.

According to Mr. Andrey Andreev, the creation of a branch network covering the territory of the whole country

will take up to two years. To convert the ambitions of the bank into reality, it is necessary to become fully commercialized.

The Bulgarian Postal Bank reports good results for the past fiscal year 1991. For the six months of its existence: —The capital introduced into the bank has doubled and has reached 53 million leva. —The funds attracted have reached 456 million leva. —The fixed capital at the end of 1991 represents 11 percent of the funds attracted to the bank. —The balance profit realized is 25 million leva. —The credits granted represent 72 percent of the capital and the attracted funds. The interest on the credits is between 6.0 percent and 6.2 percent, some of the highest in the country, because the BPP receives no credit reserve by attracting funds from companies and citizens. —Five branches—in Sofia, Blagoevgrad, Ruse, Pleven, and Plovdiv—17 subsidiaries, and 239 agencies have been established in the country. —The total number of bank accounts that have been opened is over 50,000.

The increased tax on the profit of the banks will not deter the development and strengthening of the BPP. Mr. Andrey Andreev emphasizes, "In normal countries, don't the banks always stand behind the government, also protecting the interests of their clients?" he asks.

### First Private Bank

92860762B Sofia DELOFT STV 47 in Bulgarian  
27 Mar 92 p 3

[Interview with Venelin Yosifov, president of the Governing Board of the First Private Bank, by Boyka Mineva, place and date not given, "The Vote of Confidence Is a Right of the Shareholders"]

[Text] [Mineva] Mr. Yosifov, recently the free Bulgarian press has not been favorably inclined toward the First Private Bank. Certain activities and contacts of its leadership are being called into question. What is your position?

[Yosifov] Apropos of this, the following anecdote is going around in banking circles. Some colleagues began to be upset by the fact that the First Private Bank is always referred to on the first pages of all the newspapers. They met to consider how to act so that something else was published for them. What they thought up I do not know, but...it is obvious. I think the journalists have a right to present what they deem to be information. In this case, a good free advertisement of the bank connected with the name of a strong trade union was made. Our opinion is that the Podkrepa labor confederation is one of the guarantees for the rapid development of our country to a free market economy, but the supervisory council of the bank still has not declared itself for the collaboration between us and the main office.

If the First Private Bank or the People's Bank are on the front pages, it does not matter because, in the next 10 years, we intend to become the First Private National Bank. I have before me only the problem of starting real

changes that will provide a possibility for private businessmen to be gainfully employed in market conditions. Being employed for themselves, they will also be employed for the state.

[Mineva] Don't you still think that the situation will be reflected on the shareholders of the bank?

[Yonchev] I do not think so because people are showing more and more interest in share participation in our bank. Many private citizens want to buy a larger share than the preliminary package of shares. This confirms the good name of the First Private Bank in the country. But, at the time we established it, we decided that the bank was to have a popular nature, that many people would participate in it. We count on our shareholders to understand and to take our position.

[Mineva] Do you consider that the legitimate organizations of private businesses are collaborating sufficiently actively with the government and the communists of the National Assembly in the preparation of laws important for the economic reform in our country?

[Yonchev] I cannot determine precisely how much our voice is heard, but, in practice, we are invited to all communists discussing individual laws and texts of them. I can definitely say that in private business they pay attention to words, but, in practice, up to now there have been no real results.

[Mineva] Then what is your position on the already passed Banking Law?

[Yonchev] For the time being, I will refrain from a detailed discussion because the law still has not been published in DURZHAVEN VESTNIK—that is, it has not gone into effect. Our position with respect to it was expressed repeatedly in the press and in official letters to the National Assembly and to the depositor BNB (Bulgarian National Bank). First, there is a very great range of activities for which it will be necessary to seek permission from the National Bank. Second, the law does not specify the qualification requirements, the work dates in the banking system, and other criteria for the activity of the banks. We have turned attention to these things, which should be settled with individual legislation. If this is not done, the Governing Board of the BNB opens a door for different interpretations.

[Mineva] Will the First Private Bank be sufficiently competitive, given the prospect of revision of capital of strong foreign banks?

[Yonchev] We even await them eagerly. For two years already, we have been working at conditions of real competition. We think we are ready to try our strength even against external competition. Our bank has been operating for a year and 10 months, but we have accumulated a fair amount of capital. It will allow us a stable position in our market and a working partnership with even the largest banks.

[Mitev] What aspects of your activity will you report to the shareholders at the second annual meeting on 28 March?

[Yonchev] The distribution of the funds and the profit is the exclusive right of the shareholders meeting, and I would not want to take it away from them. We will propose for discussion a 42-percent dividend, which is a little above the average interest percent for the past year for current deposits in all banks. It is known that the fixed capital of the bank will increase to 500 million leva in the coming years, which was voted at the previous general meeting. At the moment, 52 branches of the First Private Bank are operating or are in the process of being built throughout the country. In the supervisory council, which will be elected, a program for opening 60 more branches and agencies will be proposed. The number of the physical and legal persons, shareholders of the bank, is already more than 4,000. At the meeting, they will be able to see an advertising film made at our direction, which shows part of the multifaceted activity of the First Private Bank. I do not want it to seem like boasting, but the representative of our supervisory council, Mr. Khrisio Marinov, expressed the opinion that many of our branches—with respect to both the decor and the level of services—are worthy of the center of the city of London. Already more than 40 of our specialists have studied abroad with regards from German, British, U.S., and Italian foundations. By 1 May, the Sofia branch will be equipped with original IBM equipment, and later the remaining branches in the country will be.

[Mitev] Do you expect uncomfortable questions at the general meeting about the retirement of members of the supervisory council?

[Yonchev] Every member of the leadership has a right to apply for retirement when he wishes. I am ready to answer all questions, this is a part of the rights of our shareholders. I cannot say that I personally have worked badly under the leadership of the supervisory council. On the contrary, we worked in collaboration and understanding. I assume that some of our problems arose as a result of political disagreements and that this is characteristic of our whole social and economic activity and the transitional period toward a market economy.

#### **Preventing Failures**

9,28,607,62,2 Sofia DELOFT SFT 47 in Bulgarian  
20 Mar 92 p. 2

[Article by Mirela Georgieva: "The Bank Consolidation Company Was Created To Prevent Bank Failures From Being Connected"]

[Text]

#### **This Is Not a Requirement of the World Bank, but Our Own Idea**

The leadership of the newly created Bank Consolidation Company reports that there are 74 commercial banks in the country with a fixed capital of 5.5 billion leva. The

corporation capital of the banks registered in our country is 2.5 billion leva and the credit deposits approximately 47 billion leva.

Seventy-three percent of the credit needs of the businesses were formerly met by means of state planning. Who will fill this "vacuum today"? "The banks continue to serve these credits, but, at the same time, there is no fund for replenishing their reserves. The pockets of the banks are empty," stated Mr. Petko Khadzhiev, one of the three members of the Governing Board of the Bank Consolidation Company.

On the agenda after the failure of the *Yamboltska Banka* is the fusion of the bank in Boboshevo. "The bank in Boboshevo is the most striking example of the condition of the Bulgarian commercial banks," declares Mr. Elen Georgiev, a member of the Governing Board. Bad management, bad assessment of the situation. The interconnection of the banks in the country is particularly dangerous. One bank can drag down all the rest after a

These numbers and examples were cited as some of the arguments for the need for the creation of the Bank Consolidation Company. It is a holding company, and its chief founding members are the Bulgarian National Bank (BNB) and the Bulgarian Foreign Trade Bank (BVTB). The basic task of the holding company is to act to create an effective bank system and to enlarge the commercial banks, as provided in the charter of the company.

For the time being, the founding members, the BNB and the BVTB, have exchanged their shares in the commercial banks for shares in the Bank Consolidation Company. In this way, the company becomes a shareholder in the commercial banks and will be able to influence them through its voting right. This right will be increased after the state enterprises and other legal persons with state participation by the force of government regulation transfer their shares to the Bank Consolidation Company. According to the quotations taken from the shareholders record in 74 commercial banks, this is a matter of some 1.8 billion leva of state capital. However, this number is approximate. Thus, the holding company will have the last word and will begin restructuring the banking system.

According to Mr. Michael Yatakov, a member of the governing board, this approach brings several advantages: "Clearly defined responsibility; Possibility of profit from the growth of capital; Breaking up the tangled relations between the banks, the shareholders, and the clients."

It is estimated that the restructuring will begin with the group of banks that suffer the most from credits that are hard to collect and unaccountable. This will take place after an examination of the credit portfolios of the banking institutions.

After their merger, there will be eight, 10, or 12 banks, more or less—I do not know. The members of the governing board did not commit themselves to specific numbers. "The goal is to make the banks healthy and stable. It will be mandatory to have branches of two banks in a city,

which will compete with each other. There will not be a central administration." Mr. Elen Georgiev declares.

The creation of the Bank Consolidation Company is not at the request of the World Bank. It is an idea of the leadership of the BNB. According to the experts, the bank holding company often is used in world practice if it is necessary to reorganize the bank system.

The privatization of the banks is among the goals of the holding company. There are still no legal bases or financial tools for this. For the time being, the Bank Consolidation Company will strive to consolidate the banks in our country so that they will become more tempting for privatization, the leadership of the holding company reports. Let us hope that this will not turn out to be too late.

#### Program Needed

92B01762D Sofia DELOFT SVT 67 in Bulgarian  
20 Mar 92 p 2

[Article by Mariana Kirovska "Bank Consolidation Without a Preliminary Program"]

[Text] For more than a month, we have enjoyed the presence of the corporation of the Bank Consolidation Company in our financial life. It is sufficient time for the BCC (it is not known why all the "governors" of the company have taken this abbreviation for the corporation) to begin to act. The cofounders, the BNB [Bulgarian National Bank] and the BVTB [Bulgarian Foreign Trade Bank], already have transferred their shares from the local commercial banks to the new company. These amount to respectively 746,936,000 leva of the BNB and 181,270,000 leva of the BVTB. Added to these is the 3-million-lev monetary contribution of the BNB in order to form the fixed capital of 931,206,000 leva.

Meanwhile, the Council of Ministers has ordered the state companies to transfer their shares from the commercial banks in the country to the VSS by the middle of the year. Their value is approximately 700,000,000 leva. The decisions at the general shareholder meetings are taken with an ordinary majority—that is, here the votes of the state companies and those with predominant state participation do not carry extra weight. Only when it is a matter of changing and amending the charter of the company, increasing or decreasing the capital, reforming and discontinuing the company are two-thirds of the votes—that is, from the owners—needed. Otherwise, the activity of the company comes down to:

- "1. Acquiring, controlling, evaluating, and selling shares in local commercial banks.
- "2. Organizing and exercising oversight in the reorganization of banks at which it has acquired controlling shares.
- "3. Organizing and/or participating in financial restructuring of individual banks.
- "4. Privatizing the banks in accordance with the legislation in effect."

That is, these problems will be solved by the state and, more precisely, by the representatives of the government. The fears that the BCC will interfere in the work of the banks and will dictate mergers and privatization to them in accordance with its views are based, at least at this time, on this voting mechanism. The actions the company may not take are spelled out in Article 4 of the charter of the BCC. These exclude actions that lead to limitation of free bank competition, independence of the banks in their operative activity, not to divulge bank information, but, behind every text, stand the specifications "except if this is not connected with carrying out their goals." However, if a given action does not answer the goals, the majority in the general meeting will decide.

Up to this moment, no one from the leadership of the BCC promises any more specific enumeration of the steps the company will take. It is not clear on what principles the enlargement, "merging," and so forth of the banks will be carried out. Even less is it clear how they will be privatized. Will we have state banks or at least banks with predominant state participation? What will become of the shares of the government companies, which will be privatized during the period of existence of the BCC? Whose property will they be? And, if the shares are included in the "assets" chart of the companies, what rights will their new owners have in the case of the privatization of the enlarged banks? What will the interrelations of the BCC be with the private shareholders at the stage of the privatization of the banks of share participation in the enlarged banks be acknowledged? Because an answer to these questions will not be obtained from anyone at the moment, we decided to place our trust in the "memorandum" of the mission of the World Bank of the end of February of this year. Still, all justify themselves that the World Bank has imposed the operation of the BCC upon us almost forcibly.

This is what the experts of the World Bank say in the section "Reform and Development of the Financial System":

"A number of agreements, the implementation of which is taking more than the time envisioned, were achieved in the first installment of the SAI [programm entstehen]. Thus, the investigation of the basic problems of the bank system has not yet begun. In spite of this, the BNB has finished the evaluation of the proposals and is in the last phase of selecting and signing a contract regular's name—that is, whoever receives the contract will also determine how our BCC will act to implement the goals already cited. We direct the attention of the BNB to conclude this process more rapidly. The important thing is to complete the study in order to create a basis for the operation of the Committee for Bank Consolidation." Moreover, the BCC is encouraged to insist on a more rapid arrival of its administrative adviser—a foreign expert. Still, it is necessary to solve the problems with the chancery personnel; a policy for action."

But the memorandum also says: "The mission met with representatives of the banks that intend to merge under the supervision of the BCC. The BCC strengthened with the

expected foreign expert, could play an important role in assisting and facilitating this important initiative."

But the nine banks in question from October of last year have lodged with the Governing Board of the BNB (we did not yet have the BCC, although everyone spoke about it) a "Proposal for Consolidation of Bank Capital." It ends as follows:

"Without pretending to have made an exhaustive analysis, we consider that it may be a point of departure for reflection with respect to the general strategy of the bank and its liquidity. —Reducing the risks of the active operations of the monetary and open market. —The marketing studies. —The reasons for organizing and administrating the information flows between the banks. —The systems for payments in leva and hard currency, bookkeeping, and cash operations."

The Iskar, Sliven, Pazandzhik, Pernik, Ruse, Gorna Oryahovitsa, Bobobrodzi, Kardzhali, and Dovenec commercial

banks want to combine, but no one wants to swallow the rest, in order to ante their positions in the corresponding regions, the possibilities for influencing the regional markets, and for a more stable presence of the bank in the processes of privatization.

And, because none of the nine has a licence for "external operations" and, without it, any bank is "half a bank," they welcome with understanding the intent of the Construction Bank—Sofia, in their opinion. However, this interest probably has weakened with time, but, again, at the moment there are others who want to be included in the proposal. If it will succeed, if it will be accepted by the BCC, if it will be registered with the instructions the foreign consultants are preparing, we have yet to see. However, this means knowing the principles on which "the enlargement of the banks" will be based in our country. Otherwise, only the allusion the name BCC makes in our consciousness may be strengthened. It remains only to add to the English abbreviation "I."

**Ministry Official Views Integration Prospects**

ALBERT TISZI, Budapest, MOLYAR TIBOR, AP  
in Hungarian 7 May 92 p 2

[Interview with Foreign Minister State Secretary János Márton by Tibor Pástor, party and state reporter. "The Road to Europe Until the Big Leap"]

[Pástor] The second meeting of the Visegrád Group [Poland, the CSFR, and Hungary] concluded in Prague on 5 May with a joint political statement in which the three members confirmed their desire to join the European Community. In connection with the preparations for full membership János Márton said that "The strength of the EC we must keep in mind, changing but the EC should help us in our earlier stage." [passage omitted]

[Pástor] Is there more pessimism about a defined foreign participation in privatization with national modernization. Hungary has every possibility here in the government coalition [that] the same. What is your opinion about the internal debate?

[Márton] Although politically diversified debates do emerge occasionally, there has been a steady consensus on the basic model of privatization for the last one-and-a-half years. Questions of private ownership might be raised about the pace of privatization, about whether our privatization is too centralized or too decentralized, but no one questions the nature of our privatization. There is a common view that Hungarian privatization is basically founded on selling. In other words, we sell our state enterprises, rather than returning or handing them over to the hands of competition between interested parties. For about half a year the prime minister has been saying that despite its obvious mistakes the Hungarian model is the one that is functioning. One of the problems is the obviously too high percentage of foreign participation in our economy (40-45 percent). This is also true if we consider the fact that there is also a broader privatization under way. A lot of new Hungarian managers are emerging, and there are a few Hungarian private firms working with a capital that amounts to billions. However, our managers, like others, are still uncertain and strengthen the Hungarian presence. [passage omitted]

[Pástor] You said that the West has regarded the Hungarian privatization model as viable for the last six months. For approximately the same amount of time, a surprisingly number of Western economists have regarded the CSFR, including the Czech Lands, as more favorable than Hungary from the viewpoint of privatization. What is your opinion about this comparison?

[Márton] We have our partners in a friendly summit held in front of a Western jury. The cooperation among the Visegrád three is more important than the need to prove who got higher points at a competition. Of course, this does not mean that there is no competition. Such comparisons also exist among the EC member states, and quite a considerable one at that. However, I would very much like to see the moment when the Visegrád three reach a development level in which they can compete with the EC, rather than among themselves. I believe the former CSFR and

Poland, in turn, would be best to see the importance of the former according to what the CSFR would want catch up with Hungary in the area of foreign investments. Because both countries will then develop well in this direction. In addition, we have to take into account, on these grounds that until 1991, Hungary received 70 percent of the investments carried out in the region. This present situation is to be used, and we are far ahead of our competitors. [passage omitted]

[Pástor] Do you see the emergence of any groups in the CSFR or Poland that could threaten the federal composition of the Visegrád three?

[Márton] Poland clearly wants to strengthen the federal composition, and the risks of splitting in the economic programs and the political stability has emerged after the latest elections. Everyone hopes that the Poles will implement their economic programs, because this is an essential condition for a greater place of integration among the aforementioned three countries. In the CSFR, it is still an open question what form of cooperation the Czech Lands and Slovakia will choose. This is a strictly internal affair, and the foreign will decide on this. In my opinion, a local cooperation will not change anything among the Visegrád three. At most, we will no longer call them Visegrád, but Visegrad. [passage omitted]

[Pástor] To what extent could the role of the Hungarian living in Slovakia affect the Visegrád cooperation?

[Márton] The extent to which the pasteur project is actually "alive" including the rights of national minorities, plays an outstanding role in Hungarian foreign policy. I do not think that there are serious problems with the CSFR in this regard. The presence of Hungarian national minorities in Slovakia can definitely play a positive role in our bilateral economic relations. We could make each other's systems in each other's country and we could bring the atmospheres of entrepreneurship and enterprise closer to each other. If our Hungarian communities does not just promote the welfare and development of the Hungarian national minority in Slovakia could become the driving force behind this Visegrád cooperation, which is also very important for Slovakia. [passage omitted]

[Pástor] Could the Visegrád cooperation be expanded?

[Márton] Regarding the results achieved in political and economic restructuring, the three countries that currently make up this cooperation act at a homogeneous level that makes such cooperation possible. We are convinced that at present, in the Visegrád, the CSFR, and Poland can cooperate successfully.

[Pástor] In other words, the focus for other states lies in strengthening bilateral relations.

[Márton] Definitely. Hungarian diplomats have been trying to strengthen its relations with the other states in the region at an accelerated pace and quite successfully. I mean here Ukraine, Russia, Crimea, and Novorossia. After regional Economic Resources Minister Dr. Károly Lászlo's talks in Bucharest their signs of increased co-operation that Hungarian-Romanian economic cooperation has moved

in the right direction. I cannot say anything concrete about Serbia for the time being [passage omitted].

### Liberal Politician Views Place of Liberalism

CL 1301/27/1992 Budapest MAI/NAP HIRLAP  
in Hungarian 11 May 92 p. 1

[Interview with Miklos Csapar Tamas, deputy of the Alliance of Free Democrats and philosopher. By Gabor Rejo in Nyugyphaza, date not given. "The Essence of the Matter Is Freedom"]

[Text] The first national meeting of the liberal group held in the previous week place at Nyugyphaza over the weekend [9-10 May]. Well-known politicians and social scientists talked about the notion of liberalism, the period since the elections, and about bourgeois transformation. During the break in the discussion, we interviewed Miklos Csapar Tamas on the meaning of liberalism today.

[Rejo] To be a democrat means not to be afraid. What does it mean to be a liberal?

[Tamas] I would like to mention two important understandings. One is an attitude and an emotional disposition—the one that makes us respect the other person, even when we do not like. Liberalism is an ability to accept people who remain outside, who rebel, or are strange, in addition to accepting the strategies of uniformity, conformity, and of wanting to fit in by all means. It is an ability to accept human diversity. This is a great thing today because the state wants to make people uniform in the interest of social stability. The liberal value system sees the necessary level of regulation differently from other political trends. It narrows down the range of things to be regulated and broadens the range of spontaneity.

[Rejo] In your lecture, you defined liberalism as a gesture, civil and attitude. Some of these cannot be learned. Does this mean that one has to be born liberal?

[Tamas] No. The tolerant and skeptical behavior that respects human diversity and that already existed before the modern political liberalism, is only a broader framework that is necessary for this to exist. However, this in itself is not a political doctrine. Some people stand for economic liberalism because they find it to be a successful technique, but otherwise they are authoritarian and intolerant. These people cannot establish a liberal society even if they would like to. Therefore, the other important element of liberalism is a group of principles. For example, one is that the law is above the state and the law and the Constitution are not created merely by the prevailing majority of the legislative power. Respect for private property, private life, and the political strategy linked to this are so important that the influence of private matters and public matters are balanced in favor of private matters. Private matters, for example, are conscient, personal lifestyle, or cultural priorities.

[Rejo] How can one assess the essence of liberalism for an ordinary person?

[Tamas] The essence of liberal politics is that it leaves the citizen in peace. The liberal state will have to try to protect

its citizens from itself and from the constraints set up by other people. The essence of the matter is freedom, and the method is the orderly withdrawal of the state. This does not mean that the liberal state is weak. Where it does exist, it has to be strong and determined. However, this has to be done under the control of laws and in a smaller area than people have grown accustomed to here over the centuries.

[Rejo] Are the 1990 election results in accordance with the spread of liberalism in Hungary and its acceptance by society?

[Tamas] There are some antiliberal tendencies in Hungary and we lose as well as win people. This is the deeper root of the problems of the Alliance of Free Democrats. Some of the people who support liberal principles keep being replaced. However, liberal methods for living and attitudes are spreading in Hungary. This is relatively independent of our success or lack of success. The fact that, instead of submitting to making a compromise with, or bribing the state, many people take action against the state proves that the world has changed. The question remains, though, whether people who think and believe this way recognize the liberal parties as their representatives. To achieve this, it is necessary for the liberal parties to be liberal indeed and to fulfill this very real need. Authoritarian, dare-suspicious, and practical behavior is very much characteristic in Hungary today. We must find each other officially—since we have already found each other informally.

### Military Intelligence Head Views Tasks

CL 1301/646/2 Budapest MAI/NAP in Hungarian  
5 May 92 p. 1

[Unattributed interview with unnamed head of the Military Security Office at the headquarters of the Military Security Office in Budapest, date not given. "Removed Counterintelligence Agents"]

[Text] It is not easy to enter the building of the Military Security Office (KBM), and it is impossible to lose one's way inside. It is true that there are few visitors, and there is no name-board at the entrance of this building. An escort takes care of civilians coming to and leaving the building.

[MAI/NAP] You came to this position from your previous position as head of air defense of one of the Army regiments at the end of September 1990. Did you receive any extra training?

[Interviewer] No. I already had some idea of military security in my previous position. Four new types of intelligence services were created when the old forms of Interior Ministry-controlled intelligence services were discontinued. Two civilian and two military ones. My supervisor thought that a soldier should be appointed as head of a military intelligence unit. When I took over the position, I started to study the operational conditions. I kept everything that I regarded as logical, and I discarded things that I regarded as illogical.

[MAJ NAP] The various intelligence units work hand-in-hand together in the former Defense Ministry. What about today?

[Interviewer] The same happens today too, since we had a joint commandant in the former Ministry, which was now working independently. On the government level, the KMB is supervised by the defense minister, and on a professional level it is supervised by me, the supervisor with the other services in carrying out common tasks.

[MAJ NAP] There are frequent struggles of prestige among separate intelligence units, because each of them wants to excel.

[Interviewer] I have not experienced such a struggle before in thirty years. For this reason the rules, authority and competence are clearly stipulated by regulation.

[MAJ NAP] What is the task of the KMB after its separation?

[Interviewer] To guard the safety of the Defense Ministry and the Hungarian Army. Our activity against foreign intelligence or counterintelligence is our major task. In addition, we are also in charge of preserving our constitutional order, avoiding terrorist attacks, and preventing military crimes like escape abroad and mutiny, as well as preventing the deterioration of combat preparedness. We pay particular attention to persons in particularly important and secret positions.

[MAJ NAP] Who were the agents of the former military intelligence unit dismissed together with the personnel of the III/III department in the wake of the December 20th affair?

[Interviewer] Military intelligence worked in a relatively well-determined area in the old system, i.e. The Army did not change essentially. An organizationally and operationally modified KMB replaced the former III/IV Department that used to be treated as a foreign body, and the KMB has become a natural part of the Army.

[MAJ NAP] Are your officers undercover agents?

[Interviewer] No, everyone within the Army knows who they are. It is another matter that they can get information from any source. In concrete cases, they can even use secret methods if they get permission from the Justice Minister; they can also get information from citizens who want to help.

[MAJ NAP] Citizens who want to help? Are they "not persuaded" or do so?

[Interviewer] It would be difficult to persuade someone to voluntarily help our activity against us.

[MAJ NAP] Are there such helpers among the members too?

[Interviewer] We welcome the reports of every decent citizen.

[MAJ NAP] One can hardly hear about such things. However one can definitely hear about felonies.

[Interviewer] It is wrong to call felonies "crimes" to help us preventively identify felonies and catch such culprits. A person who commits a criminal offense is regarded as an "offender" person. Right? The intelligence agencies are keeping the records of an offender's career. Then about the number of people who would be endangering in an aggressive conflict, if an aggressor party attempted to march into Hungary's borders.

[MAJ NAP] Are there such numbers available at the moment?

[Interviewer] I do not know. The attitude and type of various telecommunications are no longer a secret. However, one does not know whether any of them can be held responsible for their involvement. National defense is not the main and dominant function, and operating level of a given army unit. Not just a soldier has about our tactical and strategic principles. And there are many more such things. We have enough things to defend.

[MAJ NAP] The Hungarian Army is currently being reorganized, and there is a considerable security risk involved here. Are you concerned about this?

[Interviewer] In every case, we start from the principle of confidentiality. The former type of local intelligence is often given priority of information; no exception has stood. No possible use value is no longer valid. We still carry out surveillance on people whom we suspect of a crime within our jurisdiction. Those who tell the Army and give over the civilian sphere are in the jurisdiction of the National Security Office.

[MAJ NAP] How does pre-armed work? It seems that this involves the ministry in Tatabánya.

[Interviewer] We learned about the difficult conditions there and we identified this information to the relevant commander, but probably for obvious reasons an official permission did not take place. Perhaps we should have been a little more lenient in problems. Moreover, is it possible to measure the efficiency of prevention? For example, there are a lot of places without any military or civilian control.

[MAJ NAP] How do you regard the issue of recruitment in the Army?

[Interviewer] We regard regular and staggered annual conscription as a security risk.

[MAJ NAP] When did one last count a ton?

[Interviewer] That is known. Rudolf Szalai was arrested in January 1981 on the basis of our report.

[MAJ NAP] Do you have similar cases?

[Interviewer] You know, our people whose behavior have drawn the attention of the KMB

**Officials View Industry, Trade Performance**

AN 10011111002 Budapest, MARCH 1991.LAT  
to Hungarian 17 Mar 91 p 9

[Answers with Balázs Bánki and Tamás Schagrin, departmental ministers of the Ministry for Industry and Trade. In Andras Kórházi's place and date not given: "Cross Management in Industry—Sectors in Trade"]

[Balázs] There has been a lot of movement in the higher management of the Ministry of Industry and Trade [IAM]. Out of Minister Ákos Pálfi-Bud and his two deputies—Imre Pálkay-Halmay and Károly Kállai—who were in the starting team with Pálfi-Bud, it is still working at the headquarters in Magyar Út 100, in the ministerial staff: Kállai's successor János László, the second administrative staff member, has also left and the post has not been filled since December 1990. The present minister, Imre Szabó, took office at the beginning of this year. The two deputy state secretaries assist the work done in the areas of industry and trade and the position of the two departments.

**Balázs, We Have Prepared the Cross Management Program**

[Kárházi] A "real" industry policy strategy has been prepared from the IAM for some time but it has not been completed yet. When will it be ready?

[Balázs] If someone reads through our material prepared in the past two years, he will have to admit that our analyses have not been fundamentally wrong. However, it is certainly true that we have not always been able to implement them. As a matter of fact, based on the ideas of Miklós Szabó, we signed in 1989 an industrial strategy in February 1990 with a deadline of September.

[Kárházi] Being aware of the errors of the past is important, this may seem a little there.

[Balázs] We have already completed our cross management program but, at the moment of a very bad strategy, we also asked a number of research institutes to participate in this. The situation is made more complicated by the fact that we need a short-term cross management program and a long-term strategy at the same time. In addition, the interests related to these do not always coincide.

[Kárházi] How do you assess the past period?

[Balázs] The fact that restructuring has begun and a few and modern branches of industry, namely car manufacturing, has become established here, are positive signs. The associate membership agreement made with the EC was also an important step from the industry's point of view. Naturally, the remaining enterprises can also present a great danger for certain industries. I also have to mention the fall in industrial output which has considerably accelerated, the decline was over 10 percent in 1990. Encouraging signs decreased the most. In my view, the fact that investments have also considerably decreased is rather dangerous because it could cause serious problems in the future.

[Kárházi] The lack of developments must be just in general a problem.

[Balázs] The effects of restructuring have manifested in the areas of investment and foreign trade which results in a decreasing tendency for the current accounts and reduction of the industrial exports. The proportion of spending on research and development fell to 1.7 percent of the gross domestic product in 1990.

**Balázs, What measures and policies had the IAM had?**

[Balázs] I am not qualified to speak for the other ministries. However, as I understand it, one of the main tasks of the administrative ministry is not for the administration of its own economic areas we should have tried to argue that a more systematic use of the tools of the pricing strategy and fiscal policy. We have not always managed to make the elements of industrial policy function as planned. For example in the case of the labour and wage negotiations, in my view the industrial cross management program, which is in the coordination phase, is very important because it will facilitate the use of state correction mechanisms in the case of 10 to 15 large enterprises. Rather than some kind of individual treatment or subsidies like grants for modernizing of enterprises have been reduction of the interest rate, or partially or fully changing the debt into a capital share. These measures had been, to think at the case of enterprises that have a majority public ownership of it the following:

**Schagrin We Managed To Create a Better Market**

[Schagrin] In the very first has had a non-trivial period. It is of key importance that is related to the growth of the private domain. We managed to create a better market in a very short time, a market where selling rather than buying, is off. On March prior than those things happen, the members of left party that were members played a decisive role in creating a better market. Not to mention, for example, the complete liberalization of prices, the almost complete the privatization of banks, and the free creation of enterprises.

[Kárházi] On the dynamics of domestic inflation. What was the "Angliai" effect of the program?

[Schagrin] First of all, the liberalization of consumer products was carried out at the most favorable speed because goods distributed by the state were kept in much stores. Second, I do believe in the need for the production of domestic, but they cannot mean the exclusion of foreign products. If we really want to approach Europe, which suggests that we become part of the community's institutions, it is a necessity for the Hungarian products to meet the competition then will fail in the light of international markets in very similar conditions as the domestic market.

In this view, in addition to the effect of Hungarian industry on the domestic market, the most important issue is that in the course of allowing them out Hungarians or their agreements with the Western enterprises to facilitate the sale of Hungarian products in their foreign markets. There are precedents for this. Therefore, privatization agreements can also resolve this.

Question: What are your views on your work in the area of legislation?

答覆: The first important consumer law was put through previously by the Minister for Industry and Trade, which was called the Improvement Law. On the basis of this, the great attention focused from the side of charges, namely 7 billion dollars. More than 10,000 charges had

under this law and more 1,000 of these have already been passed and many others continue.

It can be seen as a success that we have not had any serious problems in the area of trade in the past two years when production progressed at an acceptable speed. If we manage to transfer the 1 billion dollars that have been done, the quality of all trade can be significantly increased.

1985-028-01-000  
15 Mar 1985**Defense Expenditure, Equipment Estimated**

1. DEFENSE EXPENDITURE 1984/85 BY POLISH GOVERNMENT IN POLAND  
1 year 47 pp 12-13

**Source:** Dr. Stefan Tadeusz, "Something That Is Not Defense Expenditure Was Planned In 11 Percent Since 1987?"

Today it may be an assumption that, as Minister of National Defense has previously said, our country should be prepared to a threat of two wars, but by now it should be possible to discuss whether a well-armed defense might not suffice for their purpose.

In recent years, the size of our military was clearly halved. In the 1980's we had about 480,000 soldiers, whereas now we have 230,000-240,000, of whom 180,000 are career soldiers. Less than one-half are field units, that is, another percent. The remaining are garrisonary units, or almost percent, that is, the rear services.

The ministry are trying to persuade and the press, to believe clearly what should the Polish army be like and what army the nation can afford. They cannot yet seem to be forced to increase the expenses. The armed forces could be smaller and the expenses 110,000 to 120,000 soldiers. But if we prefer a strong and independent army, it should be larger (230,000-250,000) and better.

According to the Ministry of National Defense, Poland spends only one-fourth to one-fifth depending on the dollar conversion rate, as much money per capita on the army as Germany or France. Consequently it spend no less than about as much as the new \$1 billion, although it has only one-tenth one-half as much population in Poland.

**Dr. S. Skarzak on Our System**

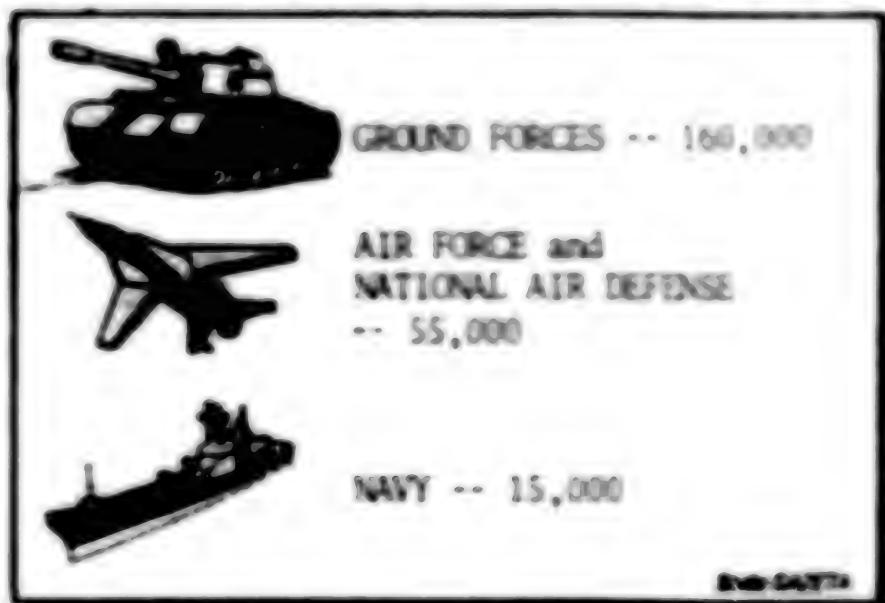
In 1985 maintaining the military was 16 percent of all expenditures of the Ministry of National Defense, with extra purchases amounting for an additional 1% percentage less than three organizations amounted to 8.1 and 1.2 percent respectively. The funds granted in the budget for the first quarter of 1985 indicate that more than 8 percent will be spent on maintaining the personnel levels of organizations. The minister has to suffice for meeting extra purchases equipment, maintenance, and recruitment.

In a single fighter plane together with the minimum armament costs from 100 to 150 billion zlotys (2) depending on type. The funds allocated less than for arms procurement, spare, and spare parts exceed and return nothing for purchase the fighter planes.

These funds arrived in May 1985 within 14 months since October. Only maintenance requires 100 billion zlotys, and 1.2 1985 funds 100 billion zlotys. Moreover, the Ministry of Defense is still in arrears with payments for 1984 funds under its preceding year.

So long as the Warsaw Pact was in force, all the purchases for the Polish military used to be approved at Moscow. So far, the USSR provided us with only as many as were negotiated (14.7 years ago). That is why 14.7 billion zlotys has more than twice modern tanks and aircraft than we do. The ministries of the former countries used to be largely dependent on the Soviet arms industry.

Now that finally we are reduced to being militarily self-sufficient, the West, we cannot afford it. The Hungarian and Bulgarian military, being former partners, so far but one of the governments reached such low purchased modern tank armaments of the West.

**Polish Armed Forces stand at 230,000 soldiers**

## Military Expenditures per capita in US dollars

**Bombardment, Counter-Attack Operations, and The Space Force the National Defense**

The fixed storage has prolonged the existence of decentralized command (the last such command, with the participation of over 1,000 troops, was held in 1980 under the designation KPAL-48). The training of stations has been decreased to 10 from 24 months. Stations are no longer called. At some sites the stations spend more time on guard duty than in exercises, and even less so now. They receive the usual allowances of paygrades and personnel, for example, up to 60 deaths per year in the course of a year, one-half as many as their German counterparts.

Anglophobia constantly afflicts the WSS. On average just two to 60, about 200 hours annually, whereas our Polish average hardly exceeds four hours. Thus, since the funds for more than half the former expenditure (one hour of flight in a modern aircraft) cost about 2.5 million. Similar preferences are manifested by the navy. Even greater contempt for, e.g., submarine, missile submarine operations.

Provision. Polish crews need Soviet Grizev targets whose fuel tanks make it possible to fire unguided missiles. For the sake of saving on fuel tanks what will happen in the present targets distributed by the Soviet army. The removal of such from these targets will be extremely costly and time consuming; a single flying target taken over there has to be stored without damage causing complete destruction. The Ministry of National Defense is considering the possibility of issuing post-Soviet grizev targets to Western armies.

**The Space Forces Play Programs in Our Schools Among the Cities**

The ground force consists of armored and mechanized troops, airborne soldiers, and regular ones.

A strong part of the personnel of our infrastructure is the small arms. The Lekkie Bronie (small arms) of the Polish Legion Guards, which also include serving mechanics, are simple and reliable. These rifles are being used from the south of the borders to the center of Warsaw, and they just do not fail completely.

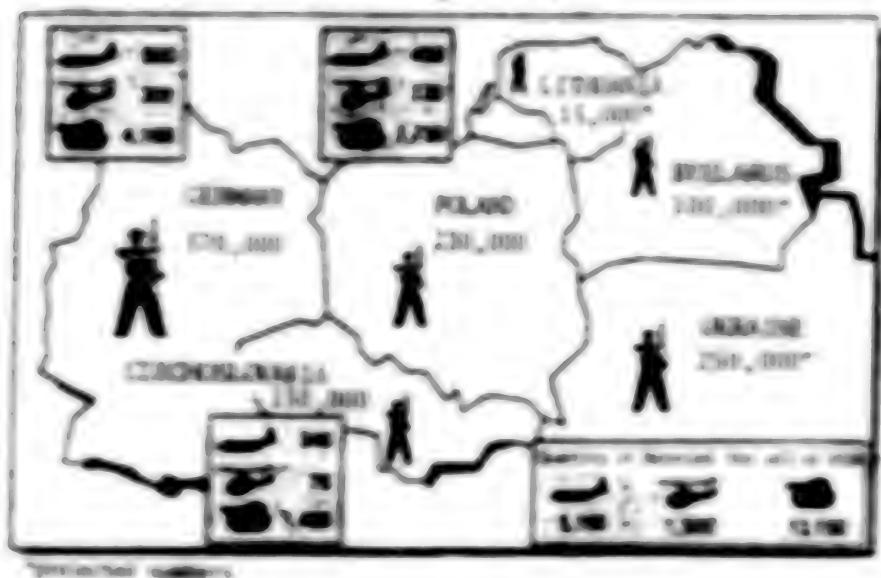
Comparison was conducted by the Americans showed that Legion Guards rifles are in many respects superior to the M-16 rifles with which the United States forces are armed. A probably easier due to considerations of prestige that the Americans have not resorted to Legion Guards for their army.

Armored, armored, rapid, and mechanized units are considered the vanguard of our army. On the field of battle they are a terrible weapon.

The Polish army has about 2,000 tanks. Under the Warsaw agreement on the reduction in conventional arms (CPS), we shall come down to military this number in 1,700. According to Warsaw treaty, following detailed negotiations with our Warsaw Pact partners, we shall maintain an additional 400 tanks, some of them

Two-thirds of our tanks are Soviet T-72s. They are a modification averaging 100% of the tank losses World War II era, the T-62. These tanks were equipped with a crew of

**Armed Forces Strength and Warlike Quality of Poland  
According to OTI**



time and a day. Our forces consist of the T-33's dropped in the 1950's. They are manufactured in factories under a Soviet license.

The greatest size of these units is their "parent" eight divisions. Instead of the modern four-division system a very expensive Soviet manufactured tank in the West, they are equipped with a "battlefield" having an extremely limited field of view. Compared with Soviet tanks, they drive far and at night. A professor from PZU (Polish Defense) said that the cost of a single unit exceeds three times the T-33's.

Consequently these indicate that eastern German tanks are inferior to the T-33 by a factor of two or even three. In short, it is calculated that on the field of battle the T-33 units are unable to annihilate even German Tanks.

On the other hand, the Czechoslovak units showed transportation and to the Polish division have exceeded a good grade.

A subsequent argument of Polish soldiers came back to Eastern War losses and a need to be armed. The most costly war damage and those concerning modern armament equipment, and the greatest losses.

The Polish losses were, which has not yet been clarified, could theory in a single year falls from a division of 20,000 in the Polish Army.

Opposition comes from - who bring the word that our war equipment of long range (over 100 km) was taken away from the effectiveness of our forces. This war equipment is the first time because until which a war against us was in Central South America and Israel.

We shall need a single division of tanks with short-range anti-aircraft gun mount targeting systems.

The major change are the goals of the Polish army. It is now that come to break the crossings of the Vistula, the Odra, and the Elbe. For the new Soviet Army (approximately estimated to advance on Paris).

**Forward Polish Units Components toward the West During Our Flight**

A medium weight airborne division + tank battalions. But probably in one week, we bring heavy equipment division of paratroopers from the border - Vistula.

The WSSD (the central) of the north (West), the Divisions of our southern border than 7 percent of Polish fighter planes, 6 Divisions of mechanized, 6 Divisions of tanks with armored cars. In the OTI we bring the WSSD + 2 mobile wing (single engine fighters) that we have one of these planes 10 single engines and no greater priority to concentrate a formation air force.

The most mobile element is the WSSD and planes required a very rapid movement approach disengaged and described as a "Wings of lightning". In the last 1950's, in general however, it has turned out to be of both strategic groups and with available regions. In combat participation (disputed) were in preference was noted in November 1958.

WSSD - which are used in other European countries of the Warsaw Pact, in Yugoslavia, in Cuba, and also in Iraq. The idea of how which had been a free hand to the other during the Korean War was turned out to be difference in form of government and Soviet control.

The Su-22 assault planes (60 single seater and 10 two-seaters) also with variable wing geometry, are considered fourth-generation. They can carry more than 4 tons of various types of armaments. The Polish air force is also equipped with 25 specimens of an older version of that aircraft, the Su-25. The Soviet assault helicopter Mi-24 (29 specimens) is of an assault but not combat design; it has proved itself in Afghanistan. The Americans called it "The Fire-breathing dragon."

In addition to aircraft, the country's air force and air defense includes a radar system and missile and anti-aircraft systems of Soviet make and technological standards.

On the other hand, Poland's army is still under extensive armament upgrading.

#### I Was Ordered to Defend You or to Blow up Your Buttons

Throughout the 20th century, Poland has never been a participant in the conflicts of World War II, four disconnected and five conflicts were under the Polish flag. Our parents grew up under one dictator and their children under another.

The flagging is the Germans, which is called a disaster although its representatives indicate that it is primarily targeted for anti-Soviet purposes. This is a Soviet secret, based until the year 2000, that in Lviv (now Lviv Province) it had armed on the Black Sea under the Soviet flag.

In addition, the Polish army has passed from the 1940s to small skirmishes with the Soviet, the first being our last.

The position naval vessels are small missile boats, submarines, destroyers and destroyers, and patrol boats.

If the 22 landing ships, two have remained. In addition we have three new domestically built transport vessels.

For communications purposes the army operates 11 Mil Mi 17 helicopters. They represent a Soviet designed and probably adapted version of the well-known Mil Mi transport helicopter. Both the aircraft of submarine division these helicopters drop over the sea special forces followed by eight cargo Mil Mi 17 helicopters also are used for sea rescue work.

#### Fight On, King of Poland, and the Victory Is Ours!

The "Provisional General Commandant for the Year 1945" is represented by the government strategy during Soviet repressions. In 8 percent this was supported with 100%. The reason, the Belarusian system, a forced culture in the personnel of the armed forces, a reduction in the punishment of military acts and requirements and terror also in the education and at acts and requirements as well as other forms of mental training, and as a consequence, a reduction of the acts of criminal measures."

#### Personality Organization Seminar Examined

and Prof. J. Klemens (Professor of Law) of Poland  
On 12 May 1962 C. p. 6

Article by John Klemens, "Warfare in Our World"

[Text] The Ministry of National Defense has planned formation under its command some training of an official paramilitary organization.

The first step again by the independent Soviets in September 1940 was rather unusual. "I know that I would not want the KGB to assassinate like the Germans, this was not for me," Lieutenant Commander George Gerasim. "Nevertheless, I was familiar with the KGB's secret report for an independent Poland, it underground knew, but I did not consider this assassination either you or others, for the party people, they were a source. By the time, the Ministry of National Defense refused to support, preferring to spend funds on purchasing of guitars. It wanted to position your Brooklyn formations throughout the country. Our discussions were around."

During the last month for an information gathering in Germany, the commander performed a modest tour and something checked in his case that took into account. He had to wear a cap on the big and over a long. While it had to read patriotic-sentimental and lighter literature, such as Commissar of a Fox or The Child I received from a power hanging on the wall the face of the Great Patriotic War (Poland) instead of animals. Mr. Komarov knew the arguments on the dogs, although technically considerate of the Prussian breeds.

For the last living in cities are growing streets, without trees. That is good. George Gerasim a family with, for example, the George Gerasimov (moscow)—they are others. He behaved in Moscow for several years he used to sit behind a desk of the information center. He personally was not involved there, he had worked for a year and half at the Geological Institute in Kursk and did the calculations. But as for the Poles, this is a highly-skilled and a good place where to recruit members for National Guard, or go out to collect a plan.

"It suffices to look a bit at the men and will it be a taking strategic importance," responded Lieutenant Colonel. "We were among people who got educated in the national Defense spirit attached to our independence as an absolute effort directed by a certain from the Academy of National Defense, which gained information elsewhere the name for such an effort a counterintelligence."

"I reported various methods as well as trying to prevent resistance. Besides, everybody knows that Belarus' Guards came from an anti-communist soldiers," he said of himself.

The independent Soviets organized a long-distance radio station to openly addressed Anna Wanda (Russia). "We are glad that you were able friends of resistance the "Belarus nation is strengthening in front. We will see you." The commander emphasized. During the Warsaw Uprising Belarus' administration and organization performed to directly staff with the London Press Committee a radio station in 1940. But an alliance in the Bureau of the political party, Ministry of Internal Affairs. The command in an effort to be a transmitter. The main problem added, confirming the organization's operational nature.

In general, the independence movement has been welcomed by the Germans as a positive factor, especially the former communists who, during the 1970s, made up the bulk of the Polish communists who had to leave the Polish Committee of the People's Army of Poland. "The German communists supported Solidarnosc's anti-communism. They were a group of our own in a working-class milieu," he claimed. "We also won the weapons along with Solidarnosc."

The communists estimated the participation of the German communists at 100,000 individuals. They are mostly "old men." They have common administrative and cultural links through publishing and books and the various publications. They sing Polish-Polish-Latvian songs. We regard them as 100,000 people and have started to organize their first party outside of the walls." But the communists did not provide police power for control in the question of whether they remained living, isolated, or converted. "The older ones, we have seen had their large parties there might be about 200.

Chief German periodically visits the former communists because often they are old Communists. The young people are to be told you two groups, those leaving from the underground and those taking off on an entirely independent. The latter are now beginning to work harder, but for the others, problems have increased even with the move from Prague, which probably used to be numbered in the 6,000. In the summer the communists informed that the 6,000 were broken, organized and practicing functions numbering both their members and others in a total of 20,000.

Heads suggested: "The young people who left at that moment do not have definite record of having specific communism or greater. They were more idealistic about their actions, and higher educational standards in Latvian than all others from the underground. They came from earlier and conservative families, although recently in Warsaw, younger tend to be removed from good Soviet families as well.

"There is no organization except ours which is fully communist alone. The Ministry of National Defense approves the chief responsible for military training, but not their degree of personal change under influence of Westernized. I am," explained the communists. "The last 10 years of history caused death of modern and old-school with respect to improving the communist system. A situation is changing too." The communists himself, it is understood, had the full recognition and sort of himself that "I was not in the system" or right for participating their family. He added that he is preparing for a program with the Ministry of National Defense and the Office for State Protection.

### Trade Attraction to the Polish-German Cooperation

#### Polish View

LEONIDAS KURIAK OF THE POLISH ECONOMIC POLICY INSTITUTE  
An Interview With Dr. Jozef Szlafszyc

Author is Vice Chairman, Head Advisor in the Office of the Trade Committee in Collegial "Production and Planning-Economic Cooperation."

#### Hungary's Manufacturing Forces

The joint production programs at Olsztyn and Lubin, and other areas of joint venture potential between Poland and Germany have resulted in a signed mutual agreement of the two countries. Poland's share in German imports will be 10 percent, or nearly twice as high as in world trade other 4.5 percent. In Poland the PEG is the greater economic partner accounting for 24 percent of its mutual trade with East Germany. Last year according to German statistics, the volume of Polish-German trade reached more than 1.1 billion marks (DM), which ranked Poland ninth on the list of Germany's trade partners. (See page 10)

Economic integration with Poland is of a dual nature. As far as the German partners concerned, and in Poland as well and transnational factors an important elements of regional entities in East Central Europe. This creates additional opportunities for the new countries and it is at Poland's interest to strengthen its standing in Germany's production units in East Central Europe and to utilize these and in the future even exceed the 10 percent share held by France in 1980, trade. The attraction of these foreign production factors on the ability to further economic progress and on the achievement of particular government objectives mainly in these progressive regardless of the possible political changes in the country, as well as influence is an additional factor in Poland's importance as a trade factor. (See page 10)

#### Economic Summons

So far German industry and its influence Poland has been able to exert on the manufacturing programs. But how is going to affect a non-governmental and the partners of promoting joint cooperation between enterprises. Particularly the further broad financial assistance should be facilitated very substantially. In view of the present generally negative and controversial attitude of both the government and the German public opinion toward increasing the foreign aid.

This requires clearly demonstrating the importance of the existing mechanisms of concluding joint production inter-enterprise, particularly in environmental protection. Imports are to stabilize during the course of the first and environmental guarantees granted. New or perhaps the methods of mutual control in both partners should be introduced. Another area of further integration required negotiations concerning free of customs fees with the new German LORO. German federal states' responsibility for environmental issues and its environmental policies.

An urgent and non-negotiable condition of this point is always with the partner should be placed on the formation of nuclear industries in Poland and the promotion of nuclear power generation and production. In particular, Germany and in adapting the Polish economy to broadly advanced requirements of the EC should be a major factor in energy-conservation cooperation between both countries in the coming period.

Such a sequence of processes which is being realized according to Hungary and Transylvania will become

affect the strength of the Polish state in the FRG, a position that has been weakened by political instability in Poland and the changing of the external terms of the changes in Poland by the rapid changes in the contemporary world. Governmental appeals for financial and investment aid nowadays meet with impatience and forced responses in the FRG, especially given the growing number of countries which are increasingly courting the FRG for such aid (Dengler quoted).

#### Trade and Investments

The occasional complaints about Poland's becoming dependent on German capital should be viewed as harmful and unfounded. No such thing exists however. The issue of land purchases by foreigners, especially in western Poland, has to be clarified and treated differently because, along with streamlining the privatization process—especially as regards the privatization of large plants—the issue is a fundamental prerequisite for an increased influx of capital from the FRG.

The absence of an agreement with the Club of London causes German private banks to be reluctant to finance investments in Poland. German chambers and economic bodies are awaiting a positive and optimistic presentation of the changes in Poland as an essential element of confidence in economic partnership between the two countries. Similarly, in our contacts with the German administration we should strive to stimulate or apply mechanisms for promoting government cooperation with such German institutions as Kreisbanken, Westdeutsche, Deutsche Auswirtschaft, and Deutsche Entwicklungsgesellschaft, as well as with the programs of the German federal states (North Rhine-Westphalia, Lower Saxony).

#### Neighboring Priorities

1. Increasing—to at least 25—the number of Polish-German border crossings.
2. Revitalizing economic and trade ties with the former GDR.
3. Complete compensation of financial and credit cooperation.
4. Reaching an agreement on long-term cooperation in energy industry (use of natural gas from the north, crude petroleum from the east, and electrical energy).
5. The coverage of increasing rail, highway, and telecommunications links in a broad European context.
6. Trans-border and regional cooperation, exchange of rules for general cleaning up of the Odra River basin and promotion of tourism.
7. Restructuring of agriculture and its adaptation to EC rules; streamlining of the experience and assistance of the FRG.
8. Renewing construction and land use management, reduction of the experience and assistance of the FRG.
9. Environmental protection, civil programs, and demobilization.

ii) Cooperation in science and technology, and industrial training.

ii) Simplification of procedures for imports, entry and access to the labor market in the FRG.

12. Promotion of the image of a modern, European, and stable Poland.

#### Good Neighbor Treaty

This treaty is the foundation for regional integration and their accomplishment. It can be subjective to think it requires collaborating national programs of action undertaken with the scope of cooperation of diverse institutions in the contacts between the two partners.

Proceeding from the premise that the existing integration framework originates from the period prior to the Good Neighbor Treaty, it would be expedient to get the German partner to elucidate the scope of readiness to introduce new economic stimuli. Poland's economic and trade issues stemming from Germany's inflation should be considered in the spirit of the Good Neighbor Treaty, thus concerns in particular a solution of the problem of the negative balance of trade in relation with the former GDR, such as would not result in additional burdening of the [Polish] budget.

#### German View

6.2.90/788 Warsaw R/NAZ/ZG/BRD/ZNA in Warsaw  
Nr. F-1 26 Mar 87 p. 1

[Interview with Dr. Franz Eichinger, first adviser and director of the Department of Economic Trade at the Embassy of the German Federal Republic of Berlin. In Michaela Kunkel, place and date not given. "Business Act While Iron幕 Was"]

[Eichinger] [Berlin] The FRG is Poland's principal trade partner. According to our figures, it accounted last year for 31 percent of the volume of Poland's foreign trade. On the other hand, Poland accounts for barely 1 percent of the volume of the FRG's foreign trade. What else, in addition to this huge disproportion, is characteristic of our trade contacts in the last ten years? (passage omitted)

[Eichinger] Trade between the old (Western) German Federal states and Poland in 1991 was 16 percent greater than in 1989. This comparison is perhaps odd for the old Federal states, because trade between the former GDR and Poland has plummeted since the trade with all the other former CEMA countries: exports to Poland fell by 61 percent and exports by as much as 66 percent. During the same period, Polish exports to the old Federal states by 21 percent and their exports to Poland by 40 percent. In 1990, compared with 1989, Polish exports increased by 60 percent, so thus producing a trade surplus for Poland at the time. Last year, however, the situation became reversed and, according to our statistics, the balance of trade in regard to Poland, we are aware, however, that Polish exports went to a deficit.

[Eichinger] Whether this situation?

[Extranger] I believe that your methodology of gathering and processing data is different. Then also there are the broader problems with statistics. Following the interview, it is a market economy with different techniques for statistical treatment of business results should be adopted. It seems to me that Polish statistics will find it difficult to, e.g., widen the scope of the private sector, where there is oligopoly presumably hidden by permits. Hence also it is likely that Polish statistics point to a smaller volume of exports than has actually occurred. According to our statistics, in 1990 German imports from Poland amounted to DM 1.7 billion and exports to Poland, DM 44.47 billion [paraphrased].

[Extranger] German-Polish joint ventures are often established on the basis of mutual or family interests and most often their founding capital is rather modest, averaging DM 100,000. There exist numerous free initiatives of long-term capital investments, such as: Nestle's investments in Polonia (more than DM 50 million), Schenck's in the automotive industry, Siemens's in telecommunications, Sonderholz's in the Lida timber industry or Eiso Deutschland's in the construction of gasoline stations. The biggest project—if it comes to fruition—will be the joint venture between Volkswagen and Tarczyn, which requires DM 1.50 million.

[Kondrat] What do you think is the reason why the inflow of foreign capital into Poland is not occurring on the desired scale?

[Extranger] I believe that this presents a major combination of unfavorable circumstances. One is the fact that political and economic changes in Poland have started fairly recently. Foreign investors are inherently cautious. Poland has the advantage of a low cost labor force, but this fact in itself is not enough to prompt [foreign investors to take] important investment decisions. Another reason for foreign reluctance is the cumbersome daily infrastructure, e.g., problems with telephone linkages and two or three days [paraphrased] delays of freight trucks at border crossings. In general, also complex legal problems in their contacts with the administration. The mechanisms of the movement of capital are as chaotic. A foreign entrepreneur is not allowed to maintain a foreign exchange account in a bank in Poland. That would be no problem were it not for the officials. Given all these problems, businesses, being somewhat realistic, are staying away from possible losses. On the other hand, it is worth noting that the involvement of the state is definitely a positive factor which facilitates their contacts.

To any entrepreneur, skilled personnel are important. In Poland it is still difficult to find an accountant familiar with Western bookkeeping systems, and with the German language to boot. This is especially so as more and more small businesses are concerned in Poland, and knowledge of the German language is essential in contacts with these businesses, either in the case of the importers. We could also complain about the frequent revisions of laws and regulations, especially those concerning customs duties and taxes. And lastly, there is the former of availability of services. To foreigners, who are accustomed to

the Western standard of banking services, the difference is negligible. Still, it should be borne in mind that as recently as ten years ago there was not a single institution of bank in Poland. There were no banks operating in the participation of foreign firms in the Polish industry, either, nor were there any consulting companies.

[Kondrat] The comments you mentioned highlight a series of the areas of a less than optimal climate for foreign investors, on the growing opinion of certain Western governments as well.

[Extranger] I believe that Poland's strategy aimed at others is negative. The increased interest in Poland among the international media is understandable, owing due to the change in government and the opportunities, as to the status of Polish economic policy. This also should account for the aforementioned concepts proposed by investors. I personally do not share this pessimistic attitude, as I still keep in view the recently passed laws, tenders, the fluid and continuous implementation of reforms and the growth of confidence at solving difficult problems. What matters—does in 1992—is the customer within the Polish society of a company or the need to reform the economy. It should be no surprise that agreements after discussions are a quite natural matter. No one should expect everything to move ideally from day to day; it is normal, which must be reconstructed from the ground up, project speaking.

#### Availability of Foreign Credit to Poland Noted

J.P. Piotrowski, R.Z.T. ZPRZEPOLITA in Warsaw  
21 May 1992 p.1

[Article by Jacek Piotrowski, "Foreign Credits Are Poland's New Money, or What From Whom?"]

[Text] According to data from 31 January 1992, imports of the National Bank of Poland, we have received foreign credits totaling \$1.4 billion. International financial institutions have loaned Poland \$1.6 billion, and the governments of 14 states have granted or guaranteed credits for a total of \$1.1 billion. The total value of the signed contracts and other governmental agreements is \$1.4 billion. Some agreements have already expired, and Polish citizens can take over loans up to \$4.4 billion. These are 94.1 percent of all actually pledged amounts.

The Bureau of Evaluation of Credit Programs of the Central Planning Administration (KUP) analyzing the use of credits divided them into four levels of advancement:

- Pledge of organizations and banks, and thus the potential possibility of obtaining credits for \$4.4 billion, including \$1.6 billion, and not including regional credit
- Credits available as a result of the signing of framework intergovernmental and interbank agreements with deadlines, amounts, and for purposes defined in the agreements for \$1.4 billion, including \$4.4 billion with no released or regional loans
- Credits used, for which the agreements were signed (\$1.1 billion, including \$1.6 million of released and regional credits)

- Letters of credit on behalf of foreign contractors, subsequently addressed by Polish investors as guarantees of investments amount \$124 million, including \$30 million from indigenous or regional banks.

The World Bank, the European Bank of Reconstruction and Development, and the European Investment Bank are allocating funds to similar concrete plans in the area of the infrastructure. Financing credit from both a financial institution and from the government is possible after fulfillment of concrete conditions concerning both the import of technology, and banking and insurance procedures.

Plans financed from insurance companies, such as Rhenus, CEFAC, and SACE, are subject to another procedure. These credits, just like credits guaranteed by governments, cannot be freely used by the Polish Government. They are designated mainly for the purchase of certain goods, namely techniques and technologies. Once the credit guarantee, often with restrictions for a concrete business,

#### Credit Pledges

The total sum of all pledges for 20 January 1992 is \$4.17 billion. This is 7.1 percent more than for 15 November 1991. This includes 4.1 percent from changes in the rate of the U.S. dollar.

In the fourth quarter we exhausted credit possibilities from the list prepared by the World Bank (\$300 million) and credits required in the amount of \$2.17 billion, that is, there remained less \$1.618 billion from the funds designated for us by international financial institutions, governments, and government organizations. Pledges of international financial institutions amount to \$1.621 billion, 9 percent more with 1.3 percent growth from rate changes compared to the end of the third quarter of 1991. However, governments and government organizations pledged \$1.516 billion.

#### International Financial Institutions

- The World Bank—\$2.218 billion—investments and support of structural adjustments of the economy, the fight against unemployment, help for the banking sector privatization and restructuring of the economy;
- The European Investment Bank—\$121 million (240 million European Currency Units)—post financing of the World Bank's plan;
- The International Finance Corporation—\$11 million (30 million Deutsche Marks)—financing of the development of small and average concerns;
- The European Bank of Reconstruction and Development—\$30 million—post financing with the World Bank of the modernization of thermal power engineering in five towns;
- Governments:
  - Germany—11.1 percent of all pledges—\$1.046 million;
  - Japan—16.0 percent of all pledges—\$1.321 million;
  - France—13.0 percent of all pledges—\$541.4 million;

as well as Italy—\$407 million; Russia—\$451 million; and the United States—\$360 million (each range from 6.2 to 6.8 percent of all pledges). These funds were designated for the purchase of investment properties in the countries providing the credits.

#### Available Credits

These credits amounted to a total of \$4.111 billion, including \$1.711 million from international financial institutions (\$1.618 million from the World Bank), and \$1.502 million from governments and government organizations. Analysis by the Central Planning Administration emphasized that the magnitude of these credits has increased significantly.

In the case of funds issued by governments or government organizations, it is important to have a low interest rate and a long credit and waiting period. For example, the preferential Spanish credit of \$40 million, an equivalent 4.75 percent interest over 30 years and has a waiting period of 10 years.

However, these preferential conditions are combined with various other conditions, which significantly limit the circle of recipients. For example, the French credits are only for the Polish-French joint ventures.

#### How We Used Them

Before 20 January 1992, the banks granted \$1.679 billion to investors. The effective payments for credit recipients were \$1.24 million, which is 81.6 percent of available funds. In the last quarter, payments increased 2.5 times, but their absolute value was also too low. So why do we not use these funds as we should? The Central Planning Administration's analysis gives the following reasons:

- Small tendency to invest. Because the financial condition of probable borrowers is worsening. But the tendency to invest with foreign funds is generally increasing at private enterprises.
- Preference credits significantly limit the circle of credit recipients.
- Changes in the banking sector occur slowly.

Banks fear that the granted credits and guarantees are a threat to their financial capital.

The majority of foreign financial institutions consider that only the Bank of Commerce may participate in the regeneration system. The Government of Germany recognized, at address, the BIE [Export Development Bank], BEI [Food Industry Bank], and to a limited degree the Bank of Sicily.

Obtaining credits takes a very long time, for example, in the case of the preferential Italian credits—1.5 years, and the procedure was not yet completed.

#### Inadequate Information

The view that percentage change of indebtedness that the credit must be repaid.

### What Benefits From This

- It is important to integrate the several lines of documents so that they can function well and together fully cover the funds.
- It is essential to prevent Polish banks and the NBP from making foreign exchange positions.
- Because the bank position is consistent with the operation of the Polish-German body, which is concerned with the distribution of credits guaranteed by Poland, it is worth approaching similar bodies with other countries like Poland in view of joint financing.
- A commitment of Polish banks must be approached as other investment plans for years exceeding 5-7 years.
- It is necessary to improve information and foreign exchange regulations affecting central bank must be modified as quickly as possible, otherwise
- The Central of Ministers ought to prepare more funds and importance given to the documents regarding budget guarantees. If the plan involved a positive macroeconomic assessment by banks and government entities, as assessed by the Committee of Qualification of Credit Programs of the Central Planning Authority, etc.

### Monetary Policy Outlined for 1992

KONTROLA BUDżETU RZĘDU ZWIĄZKU JĘZYKOWEGO  
DRAFT MONETARY POLICY 15 May 1992 p. 1

#### [Article 16 P.A. "Stabilization of Purchasing Power Protection of Credit"]

(Text) It is predicted that the money supply will increase slightly during 1992 by 2 percent (in 1991 - 3 percent). In order to limit the credit for the economy and population will increase slightly by 1.5 percent, about 6 billion dollars (2 in 1991). This credit increased annually by 1.5 percent.

Monetary policy will focus on that:

- The net foreign holdings will increase by 500 million;
- Gold deposits will increase in 1992 by nearly 3.5 percent, that is, to nearly 877 billion, which includes an increase of 700 billion of the programmatic deposits. At the same time, it is assumed that gross will increase from December 1991 to December 1992 by 1.5 percent. Last year the share amount of gold deposits was 4.1 percent, and the national currency was 24.7 percent;
- Monetary deposits will increase by 340 million (last year they decreased to 302 million);
- The amount of cash in circulation will decrease in 1992 compared to 1 percent.

Such are the basic facts contained in the regulations for the Monetary Policy Targets. They were prepared at the Polish National Bank (NBP) and submitted to the S. po.

Since we already wrote earlier about subsequent versions of the documents, some of the most important information is included below, with a minimum.

The basic aims of the economic policy are to restore the attractiveness of Poland in order to stabilize the purchasing power of gold on the domestic market and to prevent the process of the domestic currency of inflation or deflation. It costs a lot.

The central bank's basic task is to ensure full use of the available resources and funds on an annual basis, in order to ensure that a favorable case of credit creation is maintained in order to obtain a stable external balance.

An element of inflationary credit will be supported by especially significant loans and, in regard to the financing of investment credits, the priority and support of these are intended primarily undertaken by the government.

In regard to consumers, that the regulation of interest is kept relatively stable will be encouraged to stimulate credit.

It is predicted that the central element of the banking system for the net budget (the state budget and general budgets) will be 25-3 billion. The NBP will have reserves held on the primary market using them to control the liquidity of banks. It is worth noting that the draft of the budget law authorizes the minister of finance to increase the independence of the State Treasury in 1992 through the NBP's purchase of treasury bills worth up to 730 billion through the sale of treasury treasury bonds with the regular issue period being under a year and through the sale of a maximum batch of credits worth up to 70 billion.

The president of the NBP and minister of finance are continuing order issued by the budget to NBP in 1992. It is maximum held or obligations by 31 June 1992.

As regards the function of programming credit protection is a form of stabilizing the composition of regional production in the domestic and foreign markets. Moreover, this does not mean eliminating a regional industrial right. Our main task will also be to reduce the cost of wages and financing of foreign currency.

Methods of unifying the official and banking foreign market will be considered so that a uniform monetary market is functioning by the end of 1992. This will be used to introduce private monetary agencies.

The criteria for granting credits to non-banks will be tightened. Effective from the second quarter of 1992, the required level of the banks' own capital will be increased to 270 billion, and, in addition, this level will be maintained during the year in order to maintain its real value.

The president of the NBP will consider a law that defines the type and range of the non-bank deposits in the amount of the net and regional and program funds in and their own capital for the range of the credits to the end of 1992, or earlier with authority.

Banks originating foreign 1992 will be obligated to maintain a positive coefficient of at least 4 percent, while the remaining banks will have to maintain this at a higher level. The president of the NBP proposed the laws requiring banks to create reserves for assets that include a high level of risk.

a fund for deposit insurance and take responsibility for credit insurance will be created.

The privatization of state banks will be continued.

### Plans for Oderland Europe Discussed

(J. P. M. J. Wiersma 12/10/92 in *Poland* 1992, p. 1)

**Article by Wiesław Kowalewski:** The idea on a Bio-Grande as the Oderland Europe?

[Text] The concept of forming the Oderland Europe as an economic zone proposed in July 1991 to the Polish authorities by Minister-President of Brandenburg Manfred Stolpe will probably remain for some time in the preliminary discussion stage. In the very near future it may be possible to implement, partially, this idea. In [Polish-German] border crossings and open a dozen or so new such crossings, as well as expand existing ones. But that, it seems, will be just about all for the time being. It might be said that Polish nationalism and chauvinism is holding everything, but that would be an oversimplified view of the matter. That is because our friends toward and reformists about the Oderland idea are also bound to Polish law, institutions and the political system.

This at any rate can be concluded from the position taken on the issue by the Central Planning Office, as presented in the debates. It does not anticipate any long-term separation of western Polish border regions. This can also be concluded from the course of the meeting of the Polish-German Intergovernmental Commission for Regional and Border Cooperation. A similar conclusion comes from Stolpe's off-the-record comments at several KLD (Liberal-Democratic Congress) meetings that every one of the concerned Polish members was saying something different about the Oderland region, and not one of them wanted knowledgeable or specific. Lastly, this area is the consequence resulting from limitations with the actual territorial-administrative system of the state and the powers of the local offices of general and local governments.

This pair-up of obstacles makes doubtful the possibility of establishing within the next few years a transborder Oder region patterned not so much on the European cooperation zones as—given the scale of differences between Poland and West Europe—on the Bio-Grande region owing to which Mexico is approaching the standard of living of the United States. In this country the image of the Odra River basin is for the time being associated with the negative stereotype of the Bio-Grande as a zone of economic depression, steady brain drain, and illegal migration, as well as a boundary line between two cultures and worlds.

The program for—as the Germans put it—streamlining the Odra river basin is intended to reduce tensions in the border zone, promote ecological domains of the economy, and bring Poland closer to the European market. The preference over should, in the opinion of the Germans, integrate an area ranging to about 100 km east of the Odra and Odra rivers and about 50 km west of these, with a population of about five million. In Poland this area would consist of five voivodships (Szczecin, Gorzów, Zielona

Góra, Poznań, Lublin, and Łódź), while in Germany of several districts of several dozen counties in Mecklenburg-Vorpommern and Saxony supported by the Berlin and Dresden urban conglomeration.

The institution promoting the growth of the Oderregion would be the Polish-German Development Bank, with the head office in Berlin, a branch in Potsdam, and offices in Berlin, Warsaw, Bratislava, and the United States. It would have a capital of 100 million marks (DM), of which DM 60 million are to be subscribed to the bank shareholders (70 percent to the PWB and DM 40 million from borrowings on the private capital market). The bank is to be granted to manage production, infrastructure, and the allocation of credits to enterprises.

The Polish lands under jurisdiction in the basin of the Odra should be included in use, on the initiative of the Germans, although, as they now agree, in one of the principal sources of livelihood for the local population. The land thus recovered would be partly transferred to foreign food producers, partly named and native proprietors, and partly used by tourism and recreation centers and industrial investors. A similar law is to meet, almost simultaneously, and service establishments, which should be modernized down or modernized.

As for Szczecin, it should become a development both a Japanese-Korean industrial park, and the main electronics center would be Zetra (manufacture of textile fibers, Rzeszów sulfuric production, Schwerin photocarbons, Gorzów and Lubin manufacture of packaging, Legnica shipbuilding, Szczecin, and Szczecin fish processing). The establishment of a diamond park based on the Silicon Valley high-tech leading industries plan is being encouraged to be used at the expense of one of the present-day military airports (the former post in Barthenburg). That district would be under the patronage of the Polish-German Scientific and Technological Society. The entire region would be covered by a network of roads, of trade and service institutions, with a shopping mall to be established between Frankfurt-on-the-Odra and Szczecin.

The western and Lower Silesian border Polish part would be a German province, and would become a more attractive tourist territory. Another area of major importance to tourism and recreation would be the mountains of Lusatia as well as a type of Biosphere Reserve in Berlin, eastern Brandenburg, and the eastern part of Lower Silesian (Saxony-Silesian) voivodships.

The leaders of the concept of Oderland subsidies encourage an expansion of the transportation network. The proposed projects include the construction of an Odra-Danube Canal, of a north-south highway linking along the Polish bank of the Odra and the Neisse and linking Szczecin to Gdansk-Gdynia, and of a second dam on the Odra near Milicz. To cut down air pollution, the Germans propose the construction and project of reducing the number of Soviet nuclear burning atomic power plants and reactivating, among others, geothermal power plants.



The greatest doubts are engendered by the question of the territorial scope of the zone. As it is proposed now, it is strikingly asymmetrical, with two-thirds of its area being situated on Polish territory and consisting, moreover, of fairly well-developed farmland as well as having a substantial industrial potential. Hence it is difficult to accept the proposal for reducing the number of manufacturing plants and the cropland under cultivation in that area so as to turn most of the Polish part of the Nadodrze into nature parks, reserves, and recreation centers, while focusing restructuring on chiefly German enterprises.

The Polish supporters of the Oderland concept—and there are quite a few of them in the political, scientific, and economic circles—also find objectionable the idea of establishing a bank in which the FRG would hold a majority in the board of governors and the supervising council. For this would entitle the Germans to decide on investments and profit distribution, and the bank itself would operate as a kind of an autonomous supranational institution in the region, which also would mean curtailing our sovereignty on the territory of the five Polish voivodships. Considering that two-thirds of the Nadodrze's area would be on Polish territory it would be advisable to establish the head office of the bank in Poland (Szczecin was mentioned), as well as to include the Scandinavians as

partners in that institution, as this would commit neutral Baltic countries to cooperation in the Odra River basin.

Also unacceptable is the idea of extending German administration to the Polish part of Uiram Island. For in practice that would mean changing the national border.

However, the Szope Plan was presented as a proposal for discussion, and hence all our reservations and compromise solutions are most legitimate and needed—except that they are not being officially formulated by the proper Polish authorities, which at the same time are enthusiastically declaring their desire for Poland to join the EC and "return to Europe." But then how can that "return" be accomplished without undertaking talks on such a particular matter? After all, to us this affords an opportunity to commence broader measures for our adjustment to the European Community. True, such an integration would entail, among other things, forfeiting some of our sovereignty and subordinating Poland to the Community's regulations as well as consenting to purchases of real estate in Poland by foreigners. But this is the price paid by all the countries of the Community.

It seems that we believe that Europe will accept us lock, stock, and barrel as we are, with our "diverse" voivodships based on an outmoded centralized system of government, with our archaic administrative and economic

structures, and with our neighbors' legal system and financial institutions. Of course, we could accuse the Germans of wanting to Balkanize Poland and turn the Niedzica region into a tourist colony (which is not true). But it is the Germans who have the money, the initiative, the ideas, the organizational resources, and the fairly thorough familiarity with the status and prospects of the obsolescent extractive, shipyard, and light industries and uncompetitive farming in our five border provinces. We should negotiate while Germany is still interested in negotiating with us on this matter.

### Planning Office 3-Year Projections Released

*REPUBLIK Warszawa RZECZPOSPOLITA ECONOMY AND LABOR supplement to Polish 20 Mar 92 p D*

[Article by Piotr Arkuszewicz "The State and the Economy According to the Central Planning Administration: Investment Instead of Consumption"]

[Text] The economy and the budget-financed sector are in need of structural changes and increased investment. This is accompanied by a slowdown in the growth of current consumption. This appears to be the main thought of a C.P.A. document, "Directions of Social Economic Policy Until the Year 1994," which the C.P.A. [Central Planning Administration] prepared for the meeting of the government on Wednesday. However, this document was rescheduled to next week. Therefore, it must remain that substantive and editorial changes will be made in the material published.

The directions outline two scenarios of economic projections for the next three years. The first scenario scenario is based on the lack of progress in restructuring the economy, unfavorable climate conditions for farming, no response to incentives for export promotion, and low progress in privatization. Scenario II assumes that certain actions taken as early as this year will bring positive results and that the economy will start moving on the path of moderate development. We provide the details of the projections in a table.

	1992	1993	1994	1995	1996
<b>Scenario I</b>					
GDP (previous year equals 100 percent)	97.0	97.0	98.0	99.0	100.0
<b>GDP used inside the country</b>					
Farm output	103.0	99.0	98.0	99.0	100.0
Invest. in enterprises	93.0	90.0	95.0	90.0	90.0
Exports, billions of dollars (current prices)	10.2	10.5	10.0	10.0	10.0
Imports, billions of dollars (current prices)	10.5	10.8	10.5	10.5	10.5
Employment in the economic modulus	19.0	18.0	18.0	18.0	18.0
Unemployment (millions)	2.2	3.5	3.2	3.5	3.5
Rate of unemployment (percent)	11.8	19.0	17.0	17.0	17.0
Product of industry (previous year equals 100 percent)	88.1	92.1	96.0	98.0	100.0
Share of the product of industry produced in the private sector	33.3	39.3	38.1	38.0	38.0

(Output would decline in metallurgical and machine building sectors, and grow in the chemical, external, food, and paper sectors, especially in the optimistic scenario.)

	1992	1993	1994	1995	1996
<b>Scenario I</b>					
Gross product of agriculture (previous year equals 100 percent)	97.0	97.0	98.0	99.0	100.0
Gross product of construction	102.0	105.0	108.0	110.0	112.0
Trade, gross margin	102.0	105.0	108.0	110.0	112.0
Commerce + services	114.0	118.0	120.0	122.0	124.0

It is assumed that the growth of consumer prices in the years to come, based on comparisons of their levels at the subsequent months of December, would come to 37 percent in 1992, about 30 percent in 1993, and 16 to 12 percent in 1994. The budget deficit would amount to 3 percent of the gross domestic product this year, and 4 percent in 1995, whereas in 1996—a balanced budget would be restored without the need to reduce expenditures." A reform of the tax system would be based on the following:

- Introducing the value added tax, effective January 1993;
- Reducing the rate of the profit tax on corporate persons to 10 percent in 1994;
- Eliminating the tax on above-the-plan growth of wages in state enterprises; in the event a wage increase is secured at an enterprise, the growth of wages in the budget-financed sector would be strictly controlled;
- Introducing a 1 percent charge on the wage fund based on the use of labor.

- Replacing the ~~4%~~ with a cap on the capital committed by the State Treasury, the cap of the tax would be determined within the framework of management contracts at state enterprises and by councils of ministers in partnership with the participation of the treasury;
- Introducing a system of priority-targeted profit tax relief to encourage investment.

The interest rate on refinancing credit would approximate the rate of inflation, whereas the commercial credit rate would be the result of market rates of supply and demand for credit. It is proposed to increase the emission of the money supply beyond the rate of growth of the GNP and the rate of inflation, this increase would be granted toward investment credit.

The currency exchange rate would be established in keeping with arrangements to date, efforts would be made to maintain a permanent ratio of the value of the ruble to that of foreign currencies.

From among other elements of macroeconomic policy, restrictions on consumer imports, the stabilization of energy prices in real terms, and the shift of the tax burden to the direction of taxes on consumption were mentioned, among other things.

In a section on microstructural policy, it is proposed that, among other things, small and medium size enterprises be supported, competitiveness be improved, an index of restructuring measurements be prepared, a climate of stability be created, a banking infrastructure be developed, restrictive measures to expand the management of state assets be eliminated, government functions be shed by the institutions of state enterprises, management contracts be signed for the normal operation of a company or restructuring, and private companies be maintained. However, the authors note that changes on a macroeconomic scale should, first of all, be initiated from the government.

In the category of accelerating transformation, it is worthwhile to note a proposal on the ultimate reduction of about 50 percent of the enterprises in the Competitive Privatization Program, in addition to plans already known from the "Plan for Successive Policy."

The document call for creating conditions for the rapid-based privatization of banks, privatization of insurance and reinsurance programs, and new programs in agriculture.

Many initiatives with regard to the budget favored other approaches than those listed in a report of the World Bank which we discussed earlier. Among the document's emphasis the need for the citizens to become a part of the responsibilities for social services, as well as the need to decentralize such services.

It is proposed to create four insurance systems funds which would assist against the risks of old age, disability, sickness, and unemployment, and would be governed by insurance funds by employers and employees. For its part, the state would finance, for example, insurance in development of the health care system, or active forms of

unemployment unemployment, and could guarantee a uniform national level of basic benefits. The document also includes sections concerning agricultural policy, energy policy, defense and security of the state, regional and regional policies and investments. Unfortunately, it is too possible to discuss them in a short report, but we will undoubtedly review them.

### **Polish Successor Belarus Dead Gear Bid**

13.790/1991 Warsaw 27.03.91 (UPI/AFIS/23)  
in Polish No 17 27 Mar 91 pp 1-4

[Article by Zbigniew Czepiga entitled "A Recipe for Trouble"]

[Text] The **Rosneft** Profit [Private pharmaceutical plant], which operates in manufacturing oncology and antibiotics, **Stroy Drugs**, was the first of the Profit to start production. The company lacks liquid capital and is looking for buyers. Similar documents are being considered by the Profit plants in other cities.

The reason for the financial crisis of pharmaceutical enterprises is the former deal with the former USSR. The partners from the other side of the Bay did not return to the obligations in the former deal. We did not find the natural gas oligarchs. But unfortunately the Profit plants have not so far received even one ruble for the drugs exported, because no one wants to be willing to pay for the natural gas used.

Belarus needs to get used to Belarussian oil on which it has been a major source of income in the past twenty years.

### **A Healthy Turnover**

It can be readily mentioned that the pharmaceutical industry has been a wonderful turnover. Just look up all the right annual "Lists of the 500 Biggest Enterprises," and compare financial performance between the 1985-1986 and 1990-1991 results. One has not seen such results yet.

During these eight years, the Profit plants have been operating at an average profit margin. This happened even though the drug prices have never been off the current price level. As in other countries, the Polish pharmaceutical industry has been rapidly generating high profits. During the aforementioned eight years there is for one of the 50 most profitable enterprises in Poland and over 200 Profit plants. In 1991, the most profitable pharmaceutical industry enterprise was the **Intensa Lekar Profit**, which merged the **Krakowka**, **Mazowiecka**, and **Wielkopolska Profit**. In 1990 the top-most profitable enterprises in Poland all were Profit, with the third ranking of them being precisely the **Rosneft Profit**.

It turns out that drug manufacturers can be more profitable than the production of vodka. This happened in 1990 when the **Wawel Profit** was ranked third among the most profitable Polish enterprises, with **Polmos** taking fourth.

The year 1991 proved particularly favorable financially to the pharmaceuticals industry. In that year, the net profit

achieved by the *Centralna Masażownia*. This is even more than 20-fold as high as the average profits at the 500 largest Polish enterprises. It used to be for several years at a time that the profit margin at Pofla plants was 10-fold as high as at the 500 largest Polish enterprises.

Even the situation last year 1991 has to be viewed as financially advantageous to the Pofla plants. This is notwithstanding the profit margins attained by the Polish pharmaceutical enterprises included in the "Top of the 500." In 1991 it had a sales volume of 4.6 billion zlote (Z) and a gross profit of Z 7.5 billion. The total budget was concluded with Z 1.7 billion to finance the Pofla plants on charges from the taxpayer (tax plus Z 1.2 billion tax on assets and Z 0.5 billion in the tax on wage changes). Yet the Polish pharmaceutical plants in terms of volume of sales

The Polish pharmaceutical plants fared well, although already then negotiations were made that the official prices of drugs can be freely increased at a slower rate than the year's operating costs—albeit that the other state-owned enterprises expect—and that the Ministry of Finance is tends to increase the prices of domestic drugs than making imports less expensive. Thus no imported domestic drugs cost less than their imported counterparts, and this makes still more favorable the prospects for the functioning of the Polish pharmaceutical industry.

To the Polish pharmaceutical enterprises granted that the government's price is considered to be a parallel standard. One could characterize pharmaceuticals "The plants' Supplies, as pharmaceuticals and imported drugs, with a fat 100 percent the price of 100 percent imports" (Z 100 billion). The origin of this "standard" is caused to the case budget, and in facturing the budget. What happened is that the case budget is very much in favor of subsidies to the *Koncern Leków Farmaceutycznych* and generally owned pharmaceuticals for the drugs and in a discount or offered gratis. As a result, the pharmaceutical enterprises like producers received only profit on all imported drugs, or about 600 million zlotes a profit a year, especially considering that their higher prices were higher profits margins. An another result, caused at the Pofla plants a returning to Poflacon for instance is that the demand for the plant's products of power is 10 percent lower than in the previous year and losses after liquidating savings from Pofla plants, are increasing.

This effect can be compensated by purchasing a consolidated volume plan and that is what happened. Since were imposed on the new measures required for the economic reorganization of drugs that imported drugs were left behind.

The Pofla plants are suffering the consequences of general of pharmaceuticals reorganization especially considering that the power is the government. As far as the economic conditions of the business (in particular), there is hardly any trend in importance of it.

The plant management are considering that the government is disengaging the last year having "the quality an-

other" but the pharmaceutical standards introduced to the in Poland is not valid. There is no negative operating on the basis of 500 largest enterprises in getting into the market. New decisions should be made of the fact that the pharmaceuticals in plants in Poland have been established more than 100 years ago, had been moved to the Swiss (the others than even bought in 1970's Z), and has never been maintained production even with the Swiss, including cooperation with such advanced enterprises as Novartis. These companies grant the use of their trademarks to the Pofla plants. For Novartis and other reasons, a collapse of the Polish pharmaceutical industry would be imminent.

This is the situation in a developing country.

### The pharmaceuticals and *Fundus Bulet* deal

We assessed the U.S.D. over trademark holder for Polish drugs to pay a billion for pharmaceuticals. Early in 1991 the company had been purchased that through the mechanism of a small foreign capital system for "Borealis" and "Farmacewia Bielskopolka" as 50% owned region and was prepared that in turn says that the main deal would not be based on Borealis and soon afterward it was turned out that no external agent over drugs to be used for hand purchases in the second half of 1991. The disintegrating *Fundus* system had one and two coverage on drugs on sale.

The government believed that Pofla plants had surplus output and in the same time, Polish gratis took the norms of natural gas. On 21 September 1991, an intergovernmental letter agreement was concluded. We were to receive natural gas at prices for fixed or claimed costs taxes. The letter deal says to be worth 34.7 billion of which probably 1.4 billion in drug products, because undertaken to the day the price 1 year will come again in the main figures.

We received the natural gas and dropped the pharmaceuticals. The products of fixed and claimed costs taxes were paid in taxes. But the Pofla plants gas nothing. For this reason, their financial situation has greatly deteriorated—to the extent to which each of the 10 Pofla plants and—should participate in the *Bulet* deal. The *Bulet* and Z 2.5 billion of pharmaceuticals, leaving that about 60 percent of its output was marketed in the form of losses. The second plan more than 60 percent of its production in the *Bulet* (now Pofla). *Bulet* exports to the U.S.A. amounted for about 60 percent of its output.

The situation at the Polish pharmaceutical plants is better. As part of the letter deal, a provided pharmaceuticals worth Z 1.1 billion. Earlier when the former U.S.D. was to pay a billion, the imports exceed Z 1 billion, of which the producer received little or for the rest of the rest of Poflacon the Polish plants were about Z 0.1 billion. To 1.1 will plus Z 0.1 billion to the Poflacon. So to sum the plants' domestic parallel totaling Z 1.2 billion, around was born, as domestic competitor for the consequences of the conditions of its difficult are possible. The concern that has to be paid on the loans made to the Polish pharmaceutical plants in 1991 is in operation (likely the bank) of 10 billion, then reached Z 1.1 billion.

These considerations also are reflected in the revised plan of the plant's production. Last January, the profit margin of the Plocki plant was only half as high as in 1980.

The Warsaw Court is considering why the Plocki plant, and along with them the government, are financing this illegal export system for the financial situation of the pharmaceutical industry. Since Koch did have financial obligations to the Plocki plant, but only half regard to the time when drugs were being sold for出口, i.e., during the first half of 1980. At that time, the pharmaceuticals were at 100 billion zl, million, and Koch had just 10 supplies at 80 percent of the sales. But as for the further agreement, it does not mention Koch, and therefore it should not be treated. The last two documents, for example, will be signed by Organičeskij Koch and Vojciech Koch (Administrator).

The Warsaw Organičeskij Koch acted as representative on the Warsaw Court. Koch was responsible for the exports and Organičeskij for the imports. Then there were two other documents at the foreign trade deal, but it is not clear who should pay the pharmaceutical industry, they argue. The basis of Organičeskij are claimed that the problem is to be solved by Poleszuk Petroleum Mining and Natural Gas Corporation. However, in the office of the corporation stated that it has financial problems. Last year the price of natural gas went so low that it was a deficit year for the corporation. What is more, gas sales volume are lower; in their payments 1 billion monthly zl are maintained at 2.5 billion.

It will be difficult to get paid for the gas exported, because it was paid by an industry at the verge of bankruptcy. Many experts will pass before the foreign corporation could receive sufficient funds toward recovering. What then the Plocki plant will have to implement but as well import as those months of working. It is possible that not all will survive the end of working.

The problems of bankrupt and reduced costs can also experts were involved in the foreign deal. Formed better because the experts verified that they were to be paid first. Thus from the very start, the Plocki plant were condemned to working.

The ultimate danger was known from the very beginning. It turned out that the PLNPL (Poleszuk Petroleum Mining and Natural Gas Corporation) has long been trying to obtain a loan to settle its debts to partners. Despite the efforts of the Ministry of Trade and Industry and the Ministry of Finance, no agreement was reached on granting the needed loan at a low interest rate. The PLNPL decided that under the price of natural gas is official (unofficial), and the year 1980 was a deficit year, the corporation agrees offered the basis of a commercial interest rate. Thus the Plocki plant could continue without the latter paid.

It turns out that even obtaining a commercial loan would be difficult. Commercial banks consider the PLNPL as the state monopoly, and banks do not want to grant a loan only on condition that the government provides a loan guarantee.

better information is suggested to be found in the fact that the PLNPL has already transferred Z. H. below to the Commerical Bank. But this does not mean that the money is destined for the Plocki plant. The Commerical Bank will decide which of the PLNPL's expenses should be covered.

But as for the Russians, it is said that they are off. They fulfilled their role of the Soviet deal. The cause does not depend on a source, considering that Poland had the right of use regarding the control function of natural gas from the Soviet Union.

In the Commerical Bank the response to the information is rather absent, as the general rule the Plocki plant, Organičeskij Koch, and PLNPL spent whatever is in their disposal. For example, the announcement that through the PLNPL transferred to the bank Z. H. below is being discussed. According to the bank, a smaller amount is concerned, and in the Plocki plant this is the reason for being satisfied. It turns out that the Soviet deal, determined according to terms defined at the time of June 21 September, was to be completed by the end of 1981 and the process of distribution of the petroleum products was to end on 10 February 1982. Therefore the Commerical Bank cannot take legal payment in the Plocki plant from Organičeskij Koch. This is not extra added and says the Soviet representatives, which also told the Warsaw Bank that it is a party to the Soviet deal. The only thing that can still be done is to draft an appendix to the act of intent. It is probably a matter of days between Russia and Poland sign that appendix.

Commercial Bank, Inc., writes Organičeskij with the other letter addressed People claim say that no other bank was chosen to finance without a letter of intent which has, after all, the role of an intermediate agreement.

The Ministry of Foreign Economic Cooperation also comes to their problems with clearing a foreign deal which in the "theory" was to be organized in their interests. Olsztyn Bank shows effort under that agreement, only the payment specified in a more distant. Other officials informed indicate that the Plocki plant shipped their pharmaceuticals more before the time of intent had been signed, and after 21 September they tried to have their exports included in the Soviet deal. This has resulted in a situation in which it turns to unknown as whether the total amount of drugs shipped was 1.5 billion. Because the Plocki plant agrees to be paid from

#### A PSL To Be Handled by the Plocki Plant

The different Plocki plant has different names in Lada, Organičeskij, and the PLNPL, and there do not include the government either in the scope of charges due to them. It turns out, however, that before drugs begin to be shipped under the Soviet deal, a conference was held at which all the Plocki plant were represented. During that conference it was emphasized that the main budget criteria to engage efforts for the first, and it was made clear that the plant will be treated for their exports only after the conclusion of PLNPL's fee for natural gas. The pharmaceutical industry accepted this rule.

**What is the consequence?** Both banks are under the Polish plans assigned this role. The management of these plants, consisting of transforming their own enterprises and perhaps also forming a holding company. For the latter being only the Interfax Gospo Politekno approved for carrying out such a measure held a majority. Thus the Polish plans and certain other enterprises, and therefore the bank will be easier to make thinking the relevant documents. Undoubtedly, someone is being made of pressure from the side of the concerned banks that, but it is often the theory will be forced, that a civil engineer.

Therefore, that will not resolve the problem. Rather, that will be only the beginning, because, according to the banks, the Polish plans already are preparing new agent to report to the East. In the Pomerania Polytechnic the conversion of licensed producer is estimated at 2.0 billion, including 2.0 billion of drugs for the former USSR. At a time when the domestic demand for pharmaceuticals in Germany and especially Western markets is a low and even not present, the main area of the expansion of trade with the area of the former USSR is being formed. It will not be easy for drugs to penetrate markets and the likelihood is that these deals will be the most complicated but may well not be repeated. Drugs will have to be sold for dollars. Then the industry is looking largely at private or trade partners who have a few dollars.

### **Employment, Planning in Budgetary Sector**

**Official Plan for 1985-1990** (PLN 12,000 billion) BUDGET AND 1.65 million employees in Poland. To May 1985 11

#### **Article 8.1 "Employment in the Budgetary Sector Law in Education, Work in Research?"**

**Treaty of cooperation** in the budgetary system are not meeting the minimum requirements. Despite the fact that they are the largest among all cooperations planned for this year (PLN 12,000 billion) PLN 100.

The greatest risk comes to sports and culture, where cooperations will decline by about 40 percent or increase by 10%. The greatest number of cooperations is planned for the administration of justice, at 9% percent. The third largest increase for education, administration, and police over last year's cooperations, but the second lowest percentage. As a representative of the government has the following statement's concern that for our understanding its importance:

**And what is the cooperations situation presented for the year to date? We in the budgetary system? General agreement is to decline by about 10,000 persons. The greatest reductions are concentrated in education and tourism. The first will affect nearly 10,000 persons. By the end of the year there will be 1,000 fewer people working in public health and 2,000 fewer in tourism. Likewise. On the other hand, cooperations will increase by more than 4,000 in social security and by 1,000 in public safety. The over cooperations is also reported to increase by about 1,000 in the administration of justice and the state procurator's office, and by 1,400 in social welfare.**

The significant changes are expected in agriculture, which is also administrative. Reduced amounts of wheat and oil. All these are changes in the structure of work. Further significant improvements are possible in public health, for example, and closed production structures funds in non-metals and basic metallurgy.

### **Workers and the Planning Sector Described**

**Official Plan for 1985-1990** (PLN 12,000 billion) 1.65 million employees in Poland. To May 1985 11

#### **Article 8.2 "Planning and Design Influenced Works in World Oil Area"**

**Official Plan** entitled as setting a 1.500 billion Soviet Bank credit agreement is nothing to do and after two years of negotiations. The money will be used between 1986 and 1990. Soviet Bank expects and the two Polish governments have been developing a better loan interest adopted in high inflation.

In addition to offering this loan, major changes had to be made in the areas used to finance the building sector. For example, it was necessary to introduce new capital intermediate forms under the construction and long-term loans aimed for financing public sector and changes had to be introduced in use the public investment + loans structure used in the Soviet Union. By introducing the investment long-term use and convertible instruments. Further components include minimizing debt reduction and performance fees for financing costs and establishing cost control agreements, in considerable importance for financing and construction. The government side also suggested the development and implementation of a program to stimulate building work materials and to ensure the right of payment of the credit that the bank has not imposed. The government also called for making mortgage protection programs. In the event there was a bankruptcy right to the building. The last two demands finally presented very little at the time the two sides after the 11 March.

In addition, the Soviet Bank required certain technical preparations. The modification of institutions and systems for planning credit, the drafting of credit worthiness, cost and agreement, the preparation of programs for training local employees, local officials and building firms and funds. The development of a system for monitoring funds between the program participants, the Central Bank, the state budget, the ministries of Finance, and credit institutions.

**After meeting with their organizations with the Soviet Bank probably still in March, it is assumed that the Polish government undertaken to guarantee the dollar rate, that the budget contribution to the program by the organization of the most influential citizens and that our government guaranteed general distribution of its financing sectors. Efforts are being made to have this point in place by late in July of this year.**

**Last September, the U.S. Government gave an eight guarantees amounting to \$1.7 million to the government**

with *Phalaenopsis* as something the grower can have pleasure in by using the knowledge he has.

In these countries with such populations we find an  
economy in the way the workers presented to  
process that the factory managers do distinguish the workers  
from each other in position, status and power  
position in firms and organizations given to them  
respectively and the size of the organization and so on  
as the case may be.

A group of 100 experts in genetics in Europe meeting with their families from both the conservative and liberal streams in Berlin to plan a program for unity in Europe. The meeting will be preceded after both parties agree the program and sign the results agreement probably in the middle of the year.

The Ministers of Land and Topography and Conservation  
are invited to attend from the 11th January onwards  
lectures by Dr. G. M. S. Smith on the history of  
conservation, delivered at the Royal Holloway College,  
London, by Dr. J. B. Sumner, and other lectures on the  
subject have been promised to the Department of State. The  
Government desires the reader should be informed, among  
other things, of land conscription prior to forming any  
conclusion as to whether the introduction of private contracts  
can largely and expeditiously strengthen and extend its  
present administrative force.

The French government's response supports the efforts of the French who had not joined the protest movement. The 11th amendment has failed to become law this winter, and it is difficult to judge what the French will do in December.

[View Details](#)

**CONFIDENTIAL FORM 670012-A-0001-FM o Date  
5-01-1971**

*Geoffrey de Barri's "The Book of Festivals & Religious Practices" and the Latin "Tenebrae."*

Experiments have shown that a low fat diet or reduction of the protein/protein/amino acid ratio can be considered as an antidiabetic predominantly after the second year of 1,500-1,800 calorie dietary treatment in terms of the poor diabetic can manifest in 1993 their weight has been lost (decreasing at an average annual rate of 1.9%) to a weight of 1,000-1,100 calorie meals and the rate is about 6-8 kg/year during 2 years. Thus within both the men & women a very significant reduction

The experience reflected both prolonged duration of the disease and its severity in many patients. In the group with a mean age of approximately twenty-four years it increased from 1,242,000 patients between 1947-1951, that is, by 34 percent, while the number of patients between 1952-1956 increased from 1,679,000, that is, by 35 percent. In addition to the effects on general health and the discussed way the plague is a major cause of social changes in the case of the disease. The consequences and dangers of plague can be summarized as follows: a) All the persons for public health purposes

Figure 1. Electrophoresis of total cellular proteins from *S. enteritidis* and *S. Infantis* strains.

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According to the Black Diamond publications it is the  
policy of the company to supply all materials to  
customers connected therewith in the form of standard  
products. This is the result of the policy of which the  
company has adopted in connection with its business. The products  
are made from natural gas and coal of Pennsylvania. The  
gas is produced in 2000 wells scattered over the area supplied by  
Pennsylvania Natural Gas Company. The  
research department of Penn Gas and the Bureau of  
Minerals and Materials in the Research Bureau conducted much  
of the work on the gas used in the experiments. The  
gas was treated in a Gummel apparatus in the combination of shale and bituminous gas. The  
gas was then cleaned after passing the shale and shale gas  
was obtained. After passing the shale and shale gas  
the gas was cleaned. The gas will be sent to the  
Bureau of Mines for analysis. The gas will be analyzed for the  
following substances:

100

It was at the following Johnson or the Johnson-  
Hillball meeting the same spring as reported in one of  
the official histories of George Washington's life that good  
news were received in New Haven with the report of  
~~General~~<sup>Major</sup> John Sullivan having been appointed a  
commissioner with 1000 men to try the trial of the 440 rebels  
in arms of the first insurrection. These men, it  
is known, had captured New Haven on January 1.  
The majority of these rebels were captured in or near  
New Haven, and were tried at New Haven and  
at New Haven sentence was passed against them all  
as the preceding were brought.

The figures for foreign sales presented in the short summary and our Friend's report of article on foreign sales showed totals with a \$10-100 dollar range as 26 percent of the foreign market distribution and a \$100 dollar range as 17 percent by pharmaceuticals alone. In a large measure this was due to our leading trade with the U.S.A. so many factors affect selling other things resulting in a marked change in the pattern of the market and the present non-existence of the foreign sales between patients originating from the market.

The production function and imports are complementary effects in the long run may enhance effect the performance of the industry. To be sure the last one is not been difficult to prove the trend governmentality moving in the form of payments for the organized importers goes with it and partly influenced by exports of aluminum materials to the foreign countries.

The growing importance of the continental border coincided with a well known and more pronounced aspect, namely the great increase of emigration between 1870 and 1890, which reached its maximum in 1882. This emigration, which took place from rural and foreign parts of north-western France, was greatest at 1,142,000 in 1882, while it decreased to 1,042,000 in 1890. Mr. A. J. B. Wilson, Foreign Agent, in his report

of 1986. The proposed limit of three trillions of roubles worth liquid Polish gas was reduced to 3.1-3.2 per annum (over 10-12 days in transit) since the parties compromised over 3.45-3.5 per annum a year previously. In 1987 certain parts of northwestern Europe, the price of which from time onwards (allowing a 3-4% p.a. per annum) were decreasing at least 10% each year (prices quoted).

Polish consumers need to however, correspond to the European price-takers because of the free market, in which the consumption of gas is at present so strong. In the opinion of Western observers, the limits of Polish consumers in the price-taking situation starting with 1988 will continue for some time, and a greater increase is expected only starting with 1990. It is assumed that the current consumption limit of 3.45 will run its intended limit by end of this century.

In itself it creates itself indicators that, being concerned by reducing the gas reserves of their respective states and reducing East European problems will continue to

interest their principal allies. This may result in an increase in the sales on the international market to a level in excess of the demand which in its turn would allow the price-taking.

On the same time, the expansion of the new market needs, and especially the adoption of world prices of natural gas, will cause the production of transgas pipelines in Central and East Europe to encounter nothing comparable in operation on foreign markets. There is no doubt that Russian producers will be the first price-takers, and it is they who are clearly negotiating price-taking conditions for sales on foreign markets.

On the other hand, major economic banks fear the growth of transgas pipelines in Poland, Germany and other countries of the region which used to own their transgas rights according to the previous price (in billions of German marks per year) that had a fixed or variable component in a fairly high but still well-defined manner and had regularity.

**Labor Law Contract Activities Published**

• Article 7 of Decree No 1017/1992 on Associations  
• Law 17/92

These articles 1-10 have already been registered and related to their final form. The negotiations concerning labor law or the free collective labor contract agreement in Romania in the area of education, on top of those issues presented in article 1-6, in the association that can be made to mention they will relate also with other areas like science and to other issues.

FNPF Management of Personnel-Education Trade Unions may be contacted under telephone numbers: 01 3125 50-51, 01 3125 51, or 01 3124-01.

In the name of the rights guaranteed by the Business Constitution and the Collective Labor Contract at National Level registered at the Ministry of Labor and Social Protection under No. 10-16/28 Dec. 1992, the present Collective Labor Contract for the Branch of Education was signed below:

The negotiations represented by FNPF through its affiliate Unions, particularly from Businesses, commercial services, and other sectors, and

2. The management represented by the Ministry of Education and Science (MES) and the State Committee for the Development (SCD), designated to the Chamber of Commerce and Industry under Decree No. 24/13 Dec. 1991, through

Chamber of Commerce and Industry of the Voivod Siedlce, with address Chamber Siedlce, 483 Greater Warsaw Province, Unit of MES panel department Strategic Planning, type address 02-100 Warsaw, 00-900 representative of state

**CHAPTER I General Provisions**

**Article 1.** The negotiating units both acknowledge and accept the fact that they are equal and free in the organization of the collective labor contract for the branch and decide to take actions in accordance.

**Article 2.** The provisions of the present collective labor contract at branch level will be applicable to the employees represented by FNPF in personnel associations and unions registered by MES and SCD.

FNPF designates a committee as a unity member in the MES and SCD for the list of names of the associations and other organizations represented by FNPF to attach the provisions of the present contract and negotiate.

**Article 3.** The collective labor contract for the branch will be signed for a period of one year of the term of its existence.

**Article 4.** The present contract defines the general rights and obligations of the management and the negotiations represented by FNPF.

1. The collective labor contract contains:

a. The fundamental guaranteed rights regarding

- a) Individual labor contracts;
- b) Labor and labor protection conditions;
- c) Relations and labor security rights;
- d) Work schedule and leave;
- e) Annual protection;
- f) The rights of the trade unions and of the organizations of the employees;
- g) Training, vocational skills and professional improvement.

b) The organization of the negotiations represented by FNPF

art 1.1a—The powers granted may be exercised in the name of the organization in compliance with the law.  
1.1b—Changes made in the contract will have the same effects as the contract.

1.1c—The sides pledge not to go on strike and not to act of retribution during the period of negotiations.

1.1d—The clauses of the present contract will be interpreted in accordance.

1.1e—A reservation is not included. The clause will be interpreted in favor of the employees.

1.1f—Changes occurring in the process of changing the position, or making the collective labor contract at branch level, will be applied to the basis FNPF Management Committee in accordance with the regulations mentioned in the present contract that does not have any right contrary to the established political line.

Article 1.2—After 10 days prior to the expiration of the period for which it was signed, the sides undertake to negotiate the collective labor contract for the branch.

Article 1.3—The sides agree that whenever legal regulations or arrangements regarding the rights and benefits flowing from the present contract are established in favor of the employees, they will become a legal part of the contract in addition to those being reported in the report.

Article 1.4—The sides undertake not to interfere or to attempt to affect the duration of the present collective contract. The provisions of regulation 10 of 1991 the rights deriving from collective labor contract in accordance with the law are signed.

Article 1.5—With the basis of the provisions of the present contract, within 10 days of its signing into force, negotiations and legal tie collective labor contracts at the level of regional management.

Article 1.6—The administrative members of the MES and SCD and of the relevant administration their joint representatives, in case together with the FNPF to receive information and keep up their responsibilities. The Romanian government agrees to ensure the social and professional status of teaching staff to increase the relationship between the school and the society and the role of the school is one of the social values in Romania to ensure the application of the culture model of a competitive and creative.

(c)—The fulfillment of these objectives will require mutual understanding and cooperation between management and trade unions and among all the members of the education sector.

(d)—It is firmly acknowledged that the education sector—a system of highly committed professionals and their teams—of the teaching and educational process depends on the professional skills of the teaching personnel. The availability of optimal working conditions—appropriate rewards, and secure jobs for all those involved in education.

(e)—It is hoped that free and frank exchange of views will also give all the factors involved in the teaching and educational process the opportunity of contributing working methods apt to contribute to enhancing the effectiveness of teaching personnel both at school and in the society.

**Article 11.—**The collective labor contract is viewed as an integrative instrument both at this time and in the future for the following reasons:

a) It strengthens the social bond between the two sides—management and employees—thus ensuring a much better enforcement of the possible differences that may emerge without having to resort to legal action in effect.

b) It is efficient and for negotiating social rules based on the principle of the dual nature of the organism, where it is engaged according to the volume and quality of the work performed.

c) It upholds both rights and obligations for a determined period of time and allows disputes to be solved by joint committees of the organizations thus making it possible to individualize disputes and to determine the competence of individual cases in a timely, or earliest due to failure to resolve the dispute and its particular case.

d) It has administrative functions of serving to deal with certain issues in the course of educational reform.

e) It is an act of legal nature because it represents the outcome of negotiations and because it can only be confirmed in law.

f) It is a document worked out on the basis of a thorough understanding of the education process, confirming the organizations between the concerned sides.

g) It ensures the organization flowing from the given context, each side will continue to promote disputes between the sides by drafting its own decision-making structures and acts.

### CHAPTER II. Representation Commissions

**Article 12.1.—**The negotiations, trade union members and associations of confederated trade unions (as published) may apply means of a written individual application in coming into force the Law 2 under the PNPPB to express their interests for the duration of the collective labor contract. In the form of such an option the PNPPB will

implement the function of education personnel bodies governmental and non-governmental, business and international bodies in all the areas falling under the competence of trade union activities, within the framework of the collective labor contract and in compliance with PNPPB documents.

(2)—PNPPB will be recognized as the only representative of PNPPB members and employees represented as per Article 12.11. The MTS and SSM will recognize the representation established by the PNPPB.

No other group, organization, or representative will be recognized as well be allowed to represent education on behalf of the PNPPB.

The above provisions do not exclude the right of the persons represented by the PNPPB to ad-hoc negotiations or consultations in their own name concerning various education issues.

(3)—The contract does not affect the right of education personnel to join or not join any organization.

(4)—In order to resolve special disputes, the involved sides in the contract are entitled to designate representatives.

(5)—Professional differences and disputes will be resolved in accordance with the procedures envisaged in this contract.

(6)—The joint committee for the branch will be formed by an order of the MTS and SSM and a PNPPB documents the commissions for the regional negotiations and which will be made of the documents issued by them as follows:

a) For schools: Other members of the management council and their representatives of the trade union organizations;

b) Regional (minister, coordination school, budget center, regional area) Regional inspection and trade union bodies;

c) For institutes: Members of the management councils of the regional inspectorate and regional-center trade union organizations;

d) For the MTS and SSM: Members of the management council and PNPPB representatives.

(7)—The number of members in the commissions listed under Art. 12.1 point b,d will be jointly decided, whereas the number of management and trade union organizations must be equal.

(8)—Special instances about the role of Gospit (Ministry of Labor and Social Protection) and Gospf (presently: Department for Labor and Social Protection) may be asked to mediate.

(9)—In order to ensure that these commissions can do good work, the sides undertake to provide the representatives with all the documents necessary to resolve the disputes.

**Article 13.—**Upon the written request of PNPPB organizations, the management councils will provide an account required, in compliance with Law 149.

**Article 14—**For compliance with Article 79 of Law No. 54/91, the management councils are obligated to deliver to their members representatives of the local FNPF organization and to announce the agenda, day, and venue of the meeting at least three days prior.

**Article 15—**Upon the request of the management councils, the trade union will furnish copies of documents concerning past actions.

**Article 16—**The trade union undertakes to inform the management councils of the change in the composition of the bodies elected and of the decisions adopted at any level regarding education activities.

**Article 17—**To ensure that the personnel is well informed, the management council will allow the FNPF organization to establish trade union information points in schools.

**Article 18—**The sides will cooperate on drafting an annual program of activities regarding common objectives and the responsibilities incumbent on each side for implementing the present contract.

**Article 19—**The sides agree that, by cumulating the five days provided by law for the elected trade union bodies, upon the specific recommendation of the Federation, one trade union leader will be selected to work full time for 2,000 trade union members, his salary to be paid by the management for implementing the provisions of Article 11 of Law 54/91, and his chair (position) to be kept for him.

**Article 20—**The sides agree that the union will provide, free of cost, premises and the means required to carry on trade union activities, without thereby affecting the space earmarked for teaching, protection, recovery, medical assistance, and housing.

### CHAPTER III: Claim Procedures

**Article 21—**For the purpose of the present contract, a claim is a complaint regarding a violation, infringement, or a wrong interpretation or implementation of any of its provisions.

**Article 22 (1)—**At school level, any employee or trade union organization may file a written complaint with the principal or management council within at most three working days of the incident in question.

(2)—The complaint must bear the signature of the claimant and it must be registered and dated.

(3)—Anonymous complaints will not be considered.

**Article 23 (1)—**Within three working days of receipt of the complaint, the principal will summon the claimant and discuss the matter with him and with other persons involved.

(2)—The discussion and outcome will be noted in a report.

(3)—The claimant must be heard personally.

(4)—Should the complaint not be resolved, it must be presented to the joint commission in charge of settling disputes.

(5)—The principal or the management council must take a decision and communicate it in writing to the claimant, the regional schools inspectorate, and the school trade union leader within ten working days of the date of registration.

**Article 24 (1)—**Should the solution be unsatisfactory to the claimant, within three days of the written communication he may request, through the trade union organization, that the decision be reviewed by the regional joint commission for disputes.

(2)—The appeal will be made in writing and will be accompanied by the documents on which it is based, as well as by a copy of the decision.

(3)—The regional joint commission will resolve the claim, within at most five days of being satisfied by the following procedure:

a) Will satisfy the sides involved at least two days before the deadline;

b) Will make every effort to satisfy the sides involved.

(4)—The decision of the commission and its grounds will be communicated in writing to the sides involved, the regional inspectorate, the regional trade union organization, and the DMPS five days after the notification.

**Article 25 (1)—**Within three days of receipt of the decision of the regional joint commission, the claimant may appeal through the county trade union organization to have the complaint considered by the county joint commission for disputes.

(2)—The trade union organization filing the complaint is obligated to supply all the data which make up the case file and any additional information. The relevant regional or county trade union organization is obligated to submit them to the claimant within 24 hours.

(3)—Within at most five working days of the filing of the complaint, the county commission is obligated to receive the complaint, hear the sides, and issue a decision.

(4)—The decision is final and will be communicated within three days of the complaint being treated. Should the claimant not be satisfied with the decision of the county commission, he will send the case file forward, numbered, sealed, and bearing the writer's address.

**Article 26 (1)—**Within five working days of receipt of the notification of the regional or county trade union organization, the Branch Joint Committee will begin hearings and will resolve the notification within at the most five working days. The Branch Joint Committee is authorized to resolve disputes conflicts between the regional or county trade union organization and the management.

(2)—The decision will become final at the time it is pronounced and will be communicated to the sides within three days.

(3)—Should the claimant not agree with the decision, he may appeal to the authorized court. Upon the written request of the court notified by the claimant, the National

Arbitrage Commission will forward the case file, enclosed, sealed, stamped, and bearing the written address.

**Article 27 (1)**—The expenses incurred in handling such disputes will be borne as follows:

a) For the management representatives by the management;

b) For the trade union representatives by the organizations;

c) For trade union members, 50 percent by the chairman and 50 percent by the organization, if the trade union organization parts and supports the complaint should the case also resolve otherwise, the related expenses will be borne according to the same rule;

d) Should the chairman or the case not be a trade union member, the chairman will bear the cost of the dispute both for himself and for the witnesses.

(2)—Such expenses will be deducted only on the basis of the relevant documents or keeping with the legal provisions and the nature of the trade union organization.

**Article 28**—Any complaint whose solution commands the involvement of an authority higher than the principal complainant, however this will be increased through the courts, PNPPB or SPPB (Pro-consumo Education Trade Unions) organization, is keeping with the level of the case.

**Article 29 (1)**—The signatures may choose an appeal for determination at any point in the procedure:

(1)—The decisions and decisions issued below the level of the National Branch Joint Commission may be reviewed and reconsidered by the latter. A review or reconsideration may be requested to both the MEF and SNR or the PNPPB within five days of the decision or decree being handed down in accordance with the procedure envisaged in Article 28.

(2)—MEF, SNR, and PNPPB agreed that any person who is not a trade union member or a member of another trade union organization may, at his request, be referred to the PNPPB in a complaint or appeal, on the basis of conditions recommended by the PNPPB and accepted by the chairman.

**Article 30 (1)**—Meetings will be established in a timely fashion, at a location and hour allowing both the claim involved and the witnesses to attend.

(2)—The signatures are entitled to designate a representative at each stage of the procedure to present his viewpoints, the representative will be authorized for the case in question.

(3)—The joint committee, regardless of level, will as a rule carry on their activities outside the working schedule; should the procedure take place during the working schedule, the participants will not forfeit any part of their salary.

(4)—Any delay caused by the management at any level of the joint committee in constituting a hearing within the terms established will allow it to be forwarded to the

next stage. Extending any term is the right of the parties. This must be based on a well-grounded agreement between the sides.

#### CHAPTER IV Working Conditions and Norms

**Article 31 (1)**—In order to raise the level of Romanian education up to international standards, the sides believe it necessary to allocate a part of the GNP contribution with the attainment of this objective.

(2)—In working out the Budget for education and science, MEF and SNR will take into account the need for a national education strategy. The MEF and SNR will provide the background data for supporting and amending the budget.

(3)—MEF and SNR, in consultation with all the responsible factors (the Ministry of Finance, other ministries with responsibilities in the area of education, professionals, civil health economists, etc.) are obligated to ensure conditions, within the context of the budget allocated, for appropriate education actions.

a) Build school premises;

b) Repair existing school facilities;

c) Perform maintenance and regular services at the existing premises at least once a year;

d) Provide teaching material suitable for the profile of each school;

e) Provide classroom material;

f) Provide the organized personnel in compliance with the collective labor contract signed with PNPPB.

(4)—In order to broaden thorough familiarity with the working conditions of given collectives of employees, at the initiative of the MEF, SNR and PNPPB with another status may be formed to recommend the measures required to deal with the conditions found.

(5)—A joint commission will be formed to recommend criteria for school classification, establishing the number of staff, administration, members, and library personnel, defining rules with special working conditions for other teachers and masters or other categories, and to be enacted in keeping with the legal regulations.

(6)—By law the MEF and SNR are obligated to provide materially and financially for education and for the personnel engagement specific of each working plan and employee, in keeping with the real factors involved in the working program.

#### Article 32—Working schedule of teaching staff

(1)—Under the working schedule of teaching staff a certain time is reserved to carry out teaching and educational activities:

a. At school;

a.1) Teaching duties;

a.2) Preparing teaching material, audience material, and working equipment and apparatus;

a.3) Preparing practical work arrangements, experiments, laboratories and experimental classes;

a.4) Supervision and guidance for practical work.

**4.1 Organization and performance of guidance classes**  
**A. Student supervision during breaks, provided by teachers on duty designated by a relevant norm among the school-based staff.**

#### **B. Outside school**

- B1 Studying the school plan, curricula, and methods**
- B2 Studying the literature in the field**
- B3 Preparing didactical documentation**
- B4 Making teaching material where necessary, the need for and kinds of such material will be left to the discretion of the teacher**
- B5 Correct assignments and other work by the students**
- B6 Grade marks**
- B7 Work out the yearly schedule of assignments and class work**
- B8 Work together with the student's family outside the school**

**Article 12 (2)—**The overall working schedule of the teaching personnel at school and outside of it will be eight hours a day on the average, or 40 hours a week.

**Article 13—**MES and SSM will implement the teaching norms established under the legal regulations in education.

**Article 14—**The working schedule of auxiliary and service staff, accounting, maintenance, service, guard and other personnel will be on the average 170 hours a month (five eight-hour working days).

**Article 15 (1)—**The norms for auxiliary teaching personnel, administrative, service, guard, and other personnel will be established by the MES and SSM in consultation with the PNPPR. The number of days will be calculated on the basis of these norms by the regional school inspectorates, as a rule as a monthly average, and the days will be assigned to the schools in accordance with the volume and complexity of the work and in consultation with the regional PNPPR organizations.

**(2)—**The following rules will be observed in implementing the thusly established norms:

- a) Priority will be given to filling out part-time personnel norms**
- b) Any unassigned fractions of days may be awarded to adding to the user holder whose actual duties exceed his working time**

#### **Article 16—Working conditions and labor protection**

**(1)—**In establishing the working conditions for education personnel account will taken of the relevant international conventions in effect Romania on a part.

**(2)—**The signatories undertake to cooperate so closely as possible in setting the work standards in education, including schools and working norms for each other with special working conditions, for which benefits and monetary other compensations will be awarded in compliance with the regulations in effect.

**(3)—**In order to improve the conditions in which the teaching staff and other categories of personnel carry out their activities, the management (MEI), undertakes to take at least the following measures:

**a) Ensure environmental conditions regarding lighting, climate regulation, noise, ergonomic equipment, airing, break between shifts, cleaning;**

- b) Provide school facilities for the employees (kindergarten, cafeteria, sauna, sauna, study rooms, documentation and research rooms)**
- c) Eliminate or reduce environmental pollution**

**(4)—**The PNPPR may organize and carry out inspections regarding the implementation of the norms, regulations, and legal provisions concerning work protection and safety.

#### **Article 17—Time off**

**(1)—**Time off outside the working schedule in the education sector will take the following forms:

- a) Daily rest, no less than 1.5 hours,**
- b) Weekly time off, no less than 48 consecutive hours, out of which at least twice a month one day must be a Sunday**
- c) Annual leave in accordance with the law in effect.**

**(2)—**Throughout the annual leave the employees are entitled to a type allowance in addition to their benefits, which may not be lower than the base pay, annual leave allowance, and according to case, managerial or allowances, calculated and calculated on the date on which the leave begins.

**(3)—**A vacation bonus proportional to the basic allowance but no higher than one monthly salary will be paid out of nonbudgetary funds allocated from payroll savings and other financial resources (situations made for the purpose to members of the local education community, town halls, economic units, etc.)

**(4)—**A fund will be created for this precise purpose. Deposits made for this fund may not be used for other purposes. The amounts left should be the end of the fiscal year will be deposited in an account for the following year.

**(5)—**The fund earmarked for vacation bonuses will be developed in the special budget allocated to the MES and SSM budgets and to regional inspectorate budgets, and in turn will be divided by the management councils of the regional inspectorates in consultation with the trade unions, on the basis of a percentage quota of the overall amount of the nonbudgetary revenues allocated.

**(6)—**The vacation bonus fund will be constituted for each school and institution of special education by the management councils of the regional inspectorates in consultation with the respective trade unions organizations.

#### **Article 18—The following are non-working days:**

- a) The days of month one, as a rule Saturday and Sunday**
- b) Legal and religious holidays**

**(7)—**1 January; 24 May—Liber Day; 1 December—Christmas + National Day; 4 Easter Holidays (from April 15–20 December)—of Christmas

(i) The employees are entitled to paid leave of situations such as:

- Employer's marriage—five days—A child's marriage—three days—Family funeral (spouse, child, partner)—three days.
- (ii) Two days of paid leave may be awarded in the case of a child's illness or accidents, on the basis of a medical certificate.
- (iii) Employees who are studying for a degree will be entitled to:
  - 30 calendar days of paid leave once for taking the examination for a university or supervisory degree.
  - 30 calendar days of unpaid leave for taking regular high school, university, or supervisory examinations.

## CHAPTER V Salaries and Other Money Benefits

**Article 39**—Each employee is entitled to receive a salary for work performed in keeping with the terms of the collective labor contract for the branch.

(i) The salary includes the base pay, base pay increments and allowances, moderation payments, and compensations.

(ii) A minimum salary will be established for each category of personnel on the basis of the salary steps adopted under the collective labor contract for the branch (Annex No. 5). While individual labor contracts may establish individual minimum salaries (on the basis of the value of the work performed by each employee).

(3) In order to finance these individual negotiations, the payroll fund will be increased by 15 percent of the payroll fund required for the salary step recommended by the FSPPB.

(4) The increments awarded under the terms of the present contract are:

Salary Step	Percentage of the Base Pay
0-5 years	1 percent
5-10 years	10 percent
10-15 years	15 percent
15-20 years	18 percent
20-25 years	20 percent
Over 25 years	20 percent

(i) For the purpose of establishing the amounts of personnel who did not work in education, the school management together with the school trade union organization may agree to take into calculation the periods of time worked in sectors other than the budget sectors, if they believe that the experience gained during these periods will be useful to the employee in fulfilling his duties and tasks.

(ii) The amounts of increments will be paid as of the first of the month following the one in which the amounts established for the respective step was attained.

**Article 41**—A 20-percent increment will be added to the base pay for activities requiring very great mental stress or carried out in special working conditions. This increment will be awarded to persons in charge of caring for children or of special education, training and protecting the handicapped, and teachers employed in simultaneously teaching two-hour elementary classes, guiding psychological-pedagogical practice, advanced training for teachers and educators, sports clubs and high schools, and Article

**Article 42 (1)**—In order to attract special teaching personnel, an increment of up to 20 percent will be awarded according to altitude, difficulty of access, degree of geographical isolation, difficult meteorological conditions, humidity, etc.

(2) The areas, locations, schools, and specific amount of the increment will be established under the collective labor contract for the branch after negotiations between the signatories.

**Article 43 (1)**—The personnel working between 2,000-2,600 hours will receive a 25 percent base pay increment of the time worked during those hours represented at least half of their schedule.

**Article 44**—Increments for carrying out duties in addition to the basic teaching work. Teacher-home-room advisor—1,500 lei.

**Article 45**—The above listed increments will make up a part of the base pay.

## Article 46—Hourly wage

(i) Teaching personnel may do overtime as follows:

- A full schedule in preschool and elementary education
- 1/2 schedule in intermediate high school and vocational education

(2) In exceptional situations (when another teacher cannot be found and there is only one specialized teacher in the locality for the respective position), another full schedule may be taken on in intermediate high school and vocational education, too, with the approval of the school inspector.

(3) Reserved vacancies may be filled on an hourly basis if the classes in question are not incorporated in a teacher's position or if they exceed the weekly teaching schedule, as well as activities such as: admissions, final high school exams, classes or exams for teaching in-servies, and advanced teacher training.

(4) In special cases and according to need, the management council may ask the executive administration and auxiliary teaching personnel, by a written order, to do overtime in excess of their schedule and on holidays.

## Article 47—Hourly pay

(i) Teaching personnel may do overtime as follows:

- A full schedule in preschool and elementary education

## ROMANIA

—1/2 schedule in intermediary high school and vocational education.

(2) In exceptional situations (when another teacher cannot be hired and in the locality there is only one specialized teacher for the position in question), with the approval of the school inspectorate, a full schedule may be added on at intermediary high school and vocational schools, too.

(3) Reserved vacancies may be filled on an hourly basis if the classes in question do not constitute teaching slots, classes in excess of the weekly teaching schedule, and activities such as admissions final high school exams, inspections, classes or examinations for teacher levels, and teacher advanced training.

(4) In special cases and in accordance to need, the management council may ask the executive (administration) and auxiliary teaching personnel to do overtime by a written order, in excess of the normal working hours and on bonuses, with their agreement.

(5) The hours worked in excess of the normal working schedule will be compensated by the same amount of leave. If the work thus done can be compensated in accordance to Article 794, the overtime will be paid as follows:

(a) Hours worked in excess by teaching personnel will be paid as follows:

i) Teachers with more than 25 years' service—1/100th of the base salary;

ii) Teachers with less than 25 years' service—1/70th of the base salary;

iii) Head instructors—1/100th of the base salary;

iv) Hours worked on weekly days off or on other days that are not working days in keeping with the regulations in effect will be paid by a 10% greater increment (Olympic games, admissions exams, final high school exams, school sporting competitions, other admissions, additional students competing for country and higher level competitions).

(ii) Supplementary hours worked by other categories of persons will be paid as follows:

—First two hours—5% percent over the hours per

—Following hours—10% percent over the hours per

(d) Overtime will be done by categories of personnel other than teachers with the agreement of the person (person involved and in consultation with the school PSMPB organization).

(iv) Tenured physical education teachers employed by school sports clubs, who have master qualifications that entitle them to a higher salary than tenured teacher, will be paid according to master classification without thereby losing their teacher benefits.

**Article 47**—In order to attract qualified persons to schools experiencing an acute shortage of specialized teachers, professionals from other areas of activity may be hired (for

example, music high schools may hire instrumental musicians; agricultural high schools—agricultural engineers, electronics, electrical engineering, and computer high schools—computer workers, etc.). The latter will be paid on an hourly basis, the rate of calculation being 1/100th of the base salary at which they are employed by their home enterprise. Such aides can be hired by the school management in consultation with the school inspectorate.

#### Article 48—Managerial allocations

The following benefits will be paid for managerial positions in education:

##### (Position Salary + allocations)

1. Inspector general (the positions in question refer to county school inspectorates and of the Bucharest Municipality); the salary corresponding to the position and teaching level + 8,000 le.

2. Deputy inspector general; the salary corresponding to the position and teaching level + 7,000 le.

3. Specialty inspector; the salary corresponding to the position and teaching level + 5,500 le.

4. Personnel inspector; the salary corresponding to the position and teaching level + 5,500 le.

5. Regional inspector; the salary corresponding to the position and teaching level + 5,000 le.

6. CCD [expenses not known] director; the salary corresponding to the position and teaching level + 6,000 le.

7. CCD method experts; the salary corresponding to the position and teaching level + 5,000 le.

8. Psychological-teaching counselor; the salary corresponding to the position and teaching level + 4,500 le.

9. School principal; the salary corresponding to the position and teaching grade + 4,000 le.

10. Deputy principal; the salary corresponding to the position and teaching level + 3,500 le.

11. First head secretary; the salary corresponding to the position + 2,500 le.

12. First chief accountant; the salary corresponding to the position + 2,500 le.

#### CHAPTER VI: Social Protection

**Article 49—Personnel cuts.** Should the management (MES and/or county school inspectorates) be compelled to make personnel cuts following cuts in activities, the sides agree to observe the following principles:

a) The management (MES and/or school inspectorates) will show the trade union the reasons for the cuts, determine and propose for reorganizing the personnel, modifying the work schedule, organizing qualification, retraining, or profession change classes, reorganizing the school district, the number of students per class, etc.

b) The above reasons, along with the objectives and proposals of the trade unions, will be discussed by the joint PSNPR management commission.

Article 50 (1)—Regarding the teaching staff of all schools, regardless of the ministry or department to which they belong or the case of dual control, only the MES and/or county school inspectorates are authorized to take decisions concerning transfers, appointments, temporary assignments, awarding teaching levels, activity cuts, lay-offs, or any other situations.

(2) After a joint decision is taken, the management (MES and/or school inspectorate), are obligated to inform the personnel about the number of days cut and their nature as follows:

—At least six months prior, if the cuts are due to a drop in the student population in the school district and if an analysis of the situation prevailing in the respective locality does not allow for other solutions;

—At least 45 days prior, if the cuts are due to other causes.

Article 51—If the cuts involve the dissolution of individual work contracts, the following procedure order will be followed:

a) Working more than one job and hourly pay will no longer be allowed;

b) No combining positions and salaries;

c) Personnel who meet recruitment conditions will be retained;

d) Personnel who do not have children in their care (will be laid off).

Article 52—Labor contracts may not be dissolved in keeping with Article 8.1 of the present branch collective labor contract in the case of the following categories of personnel:

a) Personnel protected by law or by the respective collective labor contract;

b) Persons who are the only bread-winner in the family or have children in their care.

Article 53—If the layoffs cannot be averted, the management is obligated to communicate, at least 30 working days prior, the fact that the labor contract is to be dissolved and the reasons for it.

Article 54—Persons who completed an advanced training course and signed a contract obligating themselves to work in schools controlled by the MES, which paid for their schooling, and who are not laid off for their fault, will not be obligated to pay damages for the period of time under five years left unexpired.

Article 55—Together with the layoff notice, if it is not due to the employer's fault, the school will pay him a compensation equal to at least 100 percent of the monthly salary, not including the benefits due.

Article 56—If the employee is incapacitated in the wake of a work accident for which the unit is responsible or of a

professional disease, the unit will pay him a compensation equal to at least the difference between the base pay on the date of the incapacitation and the assistance received.

Article 57—Employees with a service of at least five years in the unit, whose labor contract is dissolved for testing purposes, being of retirement age, or being re-employed, will be paid by the unit at allication equal to at least one monthly base pay.

Article 58—Under circumstances to which they are entitled by law, employees will also be awarded the following benefits:

a) On the death of the employee and to the family consisting of a minimum of three and monthly salaries;

b) On the death of an unemployed spouse or child, and consisting of at least one and monthly salaries;

c) On the birth of each child, the mother will receive at least one month's additional salary;

Article 59—In addition to the wage paid more granted for the care of babies under one year of age, employed mothers may receive another unpaid leave of absence. During the term that the employee is on the kind of leave mentioned above, she will preserve her right to the same children allowances and her other maternal rights not be discontinued, nor does other persons be forced to bear the burden under a continued working contract.

Article 60—Women employees who have a baby under one year of age, who do not have the legal paid leave, shall have their daily working schedule reduced to two hours, without thereby losing from their base pay or salary.

Article 61—On the death of a mother, the benefits to which she was entitled for caring for a child under one year of age will be shifted to the father, if he has the need to use them.

Article 62 (1)—The price of voluntary medical insurance coverage will be open for the treatment of professional diseases under medical consultation will be chosen, suggested by the schools.

(2) Employees who receive treatments and fees—minus the remaining open and other costs belonging to their expenses are entitled to a price cut no smaller than 50 percent of their survival value, whenever the difference will be paid by the management.

Article 63—Money already allocated to schools and hospitals that has become available will be allocated to the employees in a sum additional to their above mentioned costs according to the criteria constituted under labor contracts.

Article 64—The children of employees of the educational institutions will be免除 from any school fees for the entire period of their schooling (pre-school, elementary, secondary, vocational, and high schools).

Article 65—In order to prevent the rural labor force, the units agree that foreign students may be hired with within the framework of the conditions and requirements agreed.

upon under the conditions other contained and according to the legal procedures. The requirements of having foreign students will be communicated to the MEF and PNPF in agreement.

#### CHAPTER 10 Professional Training

**Article 60**—The sides agree that the new professional training will comprise every form of professional training, training, and also measure by which employees acquire a general or advanced training in their own area and receive a certificate or diploma to attest it.

**Article 61**—The sides agree that the following factors will be considered regarding professional training:

a) generally, the processes for which training is requested and the times to occur in the management MEF and/or other organizations and the PNPF country organizations will jointly adjust the training program and content to implementation;

b) The schools will bear the expenses involved in training employees at its request;

c) Standard for cost, to be established in periods of implementation, the activation, the management (MEF) and/or other organizations, will inform and consult the PNPF at least three months prior to the implementation of the measure and will offer to new employees details of training or consulting before having reached labor force;

Training staff with two qualifications may practice either specialty depending on the needs of the school without any contradiction;

d) Standard as regards defining a professional course to extend it can be organized by a third party. The management MEF and/or other organizations will negotiate the request together with the trade unions. The duration of and in what conditions to bear the cost of the course will be set by the management.

**Article 62**—In the case of reinforced courses, the management pledges to provide 50 percent of the participants expenses (implementation, accommodation, meals).

**Article 63**—**(a)**—Training levels in the educational system will be awarded as follows:

—Teacher—after ten years in the educational system—Level II—after four years in the educational system—Level I—after six years in the educational system.

**(b)**—Training courses will be organized as follows for the teaching staff listed under these conditions:

—During the written examination for teacher—During the writing time for Level II.—For Level I a representative from the Ministry PNPF, to take the specialty examinations required part of the written examination; b) selecting the topics for the written paper for the conditions advanced for the specific courses.

These requirements will be taken in accordance with the methods approved by the MEF.

#### CHAPTER 11 Education and Employment Agreements

**Article 64**—Teaching staff may be appointed upon request from one office to another to make adjustments in cases in that is necessary based on the needs of education.

**Article 65**—Vacant positions will be advertised with over in the MEF-PNPF information bulletin, the education publications of the MEF and local publications.

**(a)**—Teaching staff over at least one year without a position may request to be transferred;

**(b)**—The transfer request will be sent with the school for which the employee is working within 15 days of the position advertisement;

**(c)**—The board of administration of the school that administrates the vacant position will receive the application and assign conditions on the basis of the employee's health, doesn't contradiction with and an employee outside of date of the date on which the application was filed.

The transfer request will be made by the school principal who is responsible before the superior administrative function (superior director);

**(d)**—The management has and maintains the file to record of these conditions of the board of administration and the designation participation of the school principal, vice-chairman of the school organization and the PNPF organization in the school or organization if the candidate is a PNPF member and served as chairman;

**(e)**—Teaching staff will be appointed to cases in the school organization upon the request of the school board of administration;

**(f)**—Standard a teacher to a vacant position to requested and approved during the course of the school year upon the request of the school board of administration. The organization will approve the request on the day of the request and the teacher then transferred will receive the status of teacher of the organization teaching position;

**(g)**—In the case of teachers receiving from both government and the costs of the teaching load, the organization disappears or the personnel, university or the other school system and the school and family situations;

**Article 66**—The process of selection and award of students resulting in 1/7 selection of the school year that contains a position and the school chairmen designated that can be dissolved or upgraded during the school year 1/3 of a school the organization teaching position is eliminated.

**Article 67**—The list of teaching positions that in the last period to year will be published in a legal and teaching staff may be transferred to 1/7 of the organization's school year;

**Article 68**—The education system to job will be modified in a given order according to the existing norms. The order in the following in the same capacity, in a negotiating meeting, there a new capacity in another field industry. There an other commitment to another other

communications, in the same context or in other situations, for the protection of the trade unions' legitimate interests.

(c)—Proposed communication requests or letters will be submitted to the relevant organisations within 45 days and the same will deal with them in keeping with the legal provisions. The committee in charge of dealing with complaints and disputes (MTC) representatives from the relevant organisations or officers of FISU's members are among the complainants.

Article 10.—Problems of health after apprenticeship in the education sector, regulation, role, methods, supported forms, and other measures envisaged by the law may be listed by relevant organisations.

(a)—Decisions of teaching processes have to be given appropriate assignments in the same context or in other situations regarding all issues and will be approved by the committee in charge, under the control of the relevant body.

Article 11.—The processes envisaged in Article 10, which were not listed by relevant organisations, and those that became valid during the school year may be listed by organisations who have the mandate required for the processes.

(b)—Authorisation may be issued by the relevant organisations for the duration of the school year or until the expiry of the process.

(c)—All the authorisations will be granted for one subject line and there will be issued according to the legal procedures with the exception of teaching staff with others and other teaching units.

Article 12.—Institutions teaching staff will be appointed and transferred by the relevant processes upon the recommendation of the Board of administration and in compliance with the legal requirements.

### CHAPTER 3. The Rights of the Trade Unions in Regional Organisations and Institutions

The agreement with organisations in respect of issues of both and of the institutions in general.

Article 13.—The management (MTC) and/or relevant organisations pledge to adopt a sound and responsible procedure toward the trade union organisations and their representatives.

Article 14.—The management (MTC) and/or relevant organisations pledge to ensure the necessary conditions for their administrative tasks as follows:

a) Ensure free processes after negotiations and actions in the course of communications and representations;

b) Put all the technical conditions and financial documents required at the disposal of the trade unions;

c) Allow the organisations to use the relevant documents concerning the social, cultural and sports activities within the organisations themselves;

d) Ensure protection, in compliance with the legal provisions, for the trade union functions and their representation in the trade union leadership bodies.

e) The details of administration and trade are stipulated in Article 10 in the trade union organisations with which the organisation has right of all the documents adopted and other information concerning the complaints, including a list with the relevant names, and protection of personnel in the educational system. Other personnel, as of those working exclusively other Disputes and contributions from the other bodies regarding all the agents involved in their specific activities.

f) The rights and duties the persons in charge of solving and dealing to get the necessary trade union data from the FISU members on the basis of the law and afterwards communicated to the FISU and its partners. The account of the affiliated trade union organisations and the relevant, according to use.

Article 15.—Any decision to dismiss the individual representative of organisations who are in the leadership of the trade union organisations during their term and vice versa after the expiration of their term will be resolved by the law.

Article 16.—The management (MTC) and/or relevant organisations will issue the persons in charge of solving and dealing to get a picture of the extent of the organisations who intend to withdraw to form their own self-represented under the FISU collective contract on the basis of the relevant communicated to the institution and communicated to a copy of the relevant individual option. The information received will be passed onto the FISU members. The said will be made with the Management (MTC).

### CHAPTER 4. Individual Letter Contracts

Article 17.—In order to regulate the rights and obligations of the organisations, individual letter contracts, will be signed again during an negotiation, which will discuss at the end the trade union's letter contract signed between the MTC and FISU. The individual letter contracts will be discussed every year in the presence of the Board, within the other context.

Article 18.—Organisations who are not trade union members or put conditions of trade unions not affiliated to FISU can request the letter to represent them under the present contract and any contract following from it for signing an individual letter contract in keeping with the conditions contained in the FISU. If the organisations accepts the conditions, the FISU will report the name of the relevant organisations it agrees to represent and the local organisations that will represent them to the management (MTC) and/or other organisations.

Article 19.—The collective (or particular) letter contracts will be signed for an indefinite period of time by the agreement with the members of the trade unions in order to ensure the rights envisaged in the specific relevant letter contract.

Article 64.—In case when the individual labor contract may be signed for a definite period of time the substitution is keeping with the conditions stipulated in the branch collective labor contract.

Article 65.—The final implementation of changes of personnel other than transfers will occur only after a trial period that may not be longer than three months. During the trial period the individual labor contract may not be terminated.

Article 66.—The individual labor contract may be modified regarding the kind of work, place of work and salary rights only with the agreement of the sides. The employer's written request to accept a change in the contract (written regarding the place and kind of work and salary rights) does not entitle the administrator to unilaterally break the contract for that reason.

#### **Annex 1**

##### **Assuming Obligations**

1. Starting on the date indicated L.D. No. \_\_\_\_\_ is bound by an obligation to the employee to agree to a trial period of the clauses of the national collective labor contract signed by the FNPRC Conference and the collective labor contract signed for the education branch by the FNPRC for the purpose of negotiating the individual labor contract, in compliance with the provisions of Article 63.

I agree that 1 percent of the monthly salary be deducted in favor of associations with the conditions envisaged in Article 42 para 17 of the national branch contract, and that it be deposited in the FNPRC account.

##### **Clear Signatures:**

#### **Annex 2**

##### **Individual Labor Contract**

The individual labor contract No. \_\_\_\_\_ was signed on the basis of the collective labor contract concluded between the FNPRC and the MTS and TSM and registered under No. \_\_\_\_\_.

##### **Services**

The user (customer) address represented by me and Mr. Mrs. address ID no. No. \_\_\_\_\_ is bound by me and with a family of \_\_\_\_\_ and the professional training of \_\_\_\_\_. The present labor contract is signed in the following conditions:

1. The labor contract is signed for an indefinite duration period of time beginning on \_\_\_\_\_ and ending on \_\_\_\_\_.
2. My (Mr.) will fit the practice of \_\_\_\_\_.
3. The place of work will be in \_\_\_\_\_.
4. Employment conditions - full time, permanent.

1. The working conditions will be defined in accordance with the collective labor contract.

2. The monthly gross wage will be \_\_\_\_\_.

The salary will be paid in monthly payments equivalent to 100%.

a) One bi-monthly payment or

b) one monthly payment or

c) One-time will be paid in keeping with the collective labor contract.

d) My (Mr.) will be entitled to the following vacation and the following annual benefits.

e) The sides agree that certain employee social benefits be paid directly through the General accounting services of the unit as follows:

i) The duration of the annual leave will be of 30 days, will also be entitled to an additional leave of

The annual leave will be taken in keeping with the schedule agreed upon by the sides.

ii) The general obligations of the sides

The employer mainly obligates himself to:

—Provide the employee with appropriate working conditions and in keeping with the specific conditions of his work, with everything required for the fulfillment of his work duties.

—Provide the employee with all the rights to which he is entitled in the conditions envisaged in the law.

—Observe and fulfill the provisions of the collective labor contract.

—Other obligations related to the specific unit conditions.

The employee is obligated to:

—Observe the rules and tasks established in the position designated according to the individual labor contract.

—Observe the provisions of the collective labor contract and the internal labor regulations.

—Other obligations specific to the position in question.

The present contract is signed in two copies, one of which will be kept in the unit and the other by the employee.

Employee: \_\_\_\_\_ Employer: \_\_\_\_\_

#### **Annex 3**

The present contract was concluded on \_\_\_\_\_, changing on the basis of

##### **Employee Employer**

After fulfillment of the legal procedure on \_\_\_\_\_, the validity of the present contract expires to \_\_\_\_\_ for the following reasons: \_\_\_\_\_, in accordance with article

Employee: \_\_\_\_\_ Employer: \_\_\_\_\_

JOURNAL OF CLIMATE

ROMANIA

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ROMANIA

Notices for Secondary Teaching Positions Continued

These changes will be discussed by professional groups in keeping with the categories of the job and work requirements, in the case of Groups A and B and by means of the type of interview. Groups C and D will be dealt with by joint teams of representatives of the Ministry of Labour and Social Protection.

CROATIA

**Serbian Church: Arrest of Convicting Clerics**  
at 1000 hours 14th April 1993 at Zagreb, Croatia  
in Belgrade, Croatia 9 May 17 / 9

(Report by I. Mihailović, "Singing of Croatia")

[Text] The Serbian Orthodox Church grows in self-pride in certain movements in the Serbian occupying powers in Croatia. Bishop Lukačević and Patriarch Kirilovć, the bishops of Osijek and Bihać, and in Ljubljana Šenigović and Tomović, the Serbian Patriarch Pavle did the same a few days ago. [1] In World War II, there had not been any Christians or Serbs in Ljubljana & not even with the position of ministers of the new Yugoslavia confirmation that the Serbian Orthodox influence had taken dominion throughout parts of Ljubljana began. A few years ago strong links from Ljubljana to the creation of the created Karlovac diocese.

In the present days, our agents (friends), the Serbian emigrants with the help of the Serbian Army, supported Ljubljana, and "cleared" it of Croat. There is not a single Croat there now they have been either killed or banished. Some have moved into Croat houses, and now they enter the front of the work of Croat hands. The Serbian Orthodox Church claims this is normal and does not interfere with citizens or emigrants from the Croatian majority of citizens. The priests of the Serbian Orthodox and their church have taken very one action.

To ensure that Ljubljana is more Serbian and Catholic in appearance, the Catholic Church has been used to the ground. The main event has been given the name of St. Sava. These Croatian houses have been demolished in the center, and in their place foundations have been laid for the Orthodox Church of St. Sava. The other big three foundations were turned to Patriarch Pavle, a man with a kind face but a sharp heart. With this act he showed the Church (which is Ljubljana) that the church he does to do is a Christian kingdom in today's Europe.

When the Serbian Patriarch Pavle is visiting neighboring Croatia and Serbia in his name, the Serbs and Croats are attacking their Patriarchs, even in the Republic of Srpska (RS) [2] (SRPSKA) that the church "was the first to attack in Zagreb and Vukovar." He said that, in regard to the return of Maria Flora, the Orthodox religious leader who converted to Croatia, and that a call for her to the Orthodox Patriarch Maria Flora in Zagreb was unanswered, and that marked the beginning of the purge of Christians from Croatia, or in Serbian Metropolitans' zones.

The Patriarch Pavle again, 6.4.1993/1993, when he says, adding the Metropolitans' zones and that "we cannot offend the memory of our people with violence," and that the Serbian Orthodox Church considers all those who regardless of who converted them or to which religion they belong, "the greatest sacrifice from the people converted to Serbia, over time to become the members of our church. Such acts were never allowed in the church, never implemented, and never encouraged by the church," and Metropolitan Archbishop Arsenije Pravica is concerned.

It is true to say such words but it would be better if we have effective than just. They do not want to have a great effect on Serbian Orthodox bishops. The Day before Lazarus even asked the Patriarch (Bishop Agim Šaćić) in Osijek and Patriarch of Croatia and Palafest. The Patriarch Bishop Šaćić gave the blessing to the others in Bihać and distributed it to the cathedral biskupija. These Patriarch Pavle shows the independence of an Orthodox Church on the grounds of a Church canon.

The Croatian Church understood in very strong words the expression of the biskup in 11 March 1993, in the Zagreb and of the Serbian unification and incorporation, both written and wrote against Catholic built buildings of Croatia, have been torn down completely. In the Serbian Orthodox church, after that happened the book "Record of the Serbian Orthodox church divided in favor the end of the Zagreb-Croatian border from Zagreb to Ljubljana"

### **Hungarian State Serbian Education Law Draft**

12/1991-6 Budapest 100/1748/1991.67  
or Hungarian 1 Apr 92 p 1

*[Letter to László Gács Szathmári including comments with Dr. Zoltán Varga, parliamentary representative of the Democratic Community of Magyars in Yugoslavia, place and date not given. "Hungarian Eighth: Person May Be Excluded From Instruction in Their Mother Tongue"]*

(Text) The Education Committee of the Serbian House of Representatives has now discussed a draft bill on education and, after lengthy deliberation—whether to abolish the right of minority education or to leave everything as is—it took the position that the high school curriculum and programs should be taught in the Serbian language, but in exceptional cases the government could authorize teaching in a foreign language as well. Thus, Serbia's nationalities, the Albanian population of two million and the Magyars of Yugoslavia (Magyars), could have their own high schools only if the government has a favorable attitude toward them—or if the parliament of the republic does not pass the bill. However, as none of the parliamentary voting members, there is little chance for the latter.

Dr. Zoltán Varga, parliamentary representative of the Democratic Community of Magyars in Yugoslavia, who took part in the committee's work, said the following of the draft bill:

"Sections 4 and 7 of the draft bill are the most different ones, for they state that the language used in high schools must be Serbian, although part of the curriculum may be taught in a foreign language. And, in those areas of the Serbian Republic where the language of a national minority is an official one, the curriculum may also be taught in the language of that minority, i.e., in two languages. This means that Hungarian high school students in Yugoslavia would study only part of the curriculum in the Hungarian language. There already was such an experiment in the late 1970's, but it was discontinued after two years because they realized that, although the students became more familiar with the Serbian language, their level of general knowledge was far below that of those studying in their native language."

(Varga) As an expert on education in the Serbian and Hungarian languages, having written three textbooks that currently are in use for Southern Serbs students to study Hungarian, what modifications did you suggest?

(Varga) I proposed that bilingualism be abolished because Section 1 also states that teaching in the native language may only take place in high schools and in secondary schools of the arts. In practice, 80 percent of Hungarians would be excluded from instruction in their native language. I am referring here to students in special secondary schools and trade schools.

(Krasa) Is my knowledge, an absurd situation developed, namely, that the government also admitted modifications to its own proposal?

(Varga) Since the two sections mentioned discuss a lot of issues, the government also looked over the matter and

submitted a total of 23 (!) modifications to its own draft bill. It proposed significant changes. It permits instruction in the native language not as a third option, but states that it should now be implemented, and it does not limit it to high schools and secondary schools of the arts, but simply mentions secondary schools. Had the Education Committee appreciated the government's position, instruction in the native language would remain the same as before.

To my surprise, however, it was precisely the Democratic Party lead by Dragoljub Mihailović, and Vuk Drašković's Serbian Renewal Movement, the most significant opposition partners—it is worth mentioning about the Serbian parliament that almost 200 of its 250 representatives are members of the Serbian Socialist Party, which is the government party—which tried to argue that unified Serbia has no place for high school instruction in the languages of nationalities. As a result, the committee decided at its last meeting that the aforementioned Section 1 must be voided, i.e., high school instruction in the languages of minorities must not be regulated at all, which unequivocally means no bilingualism. Their only "concession" was to limit the authorization of instruction—in whole or in part—in a foreign language up to the government. Thus, high school instruction in Hungary was placed on the level of instruction in English, German, or French, which is sporadically maintained in some high schools.

The Hungarian language has become a foreign language in the native land of the Magyars of Yugoslavia. When I asked the question to Serbian Socialist Party representatives whether I myself, parliamentary representative Zoltán Varga, am also a foreigner in this country, they replied that of course not, but the language I speak is foreign indeed! There was nothing else for me to do but to leave the committee, for I felt that, despite the efforts I have taken for half a century in the interests of the multilingual community's coexistence, I am being considered a foreigner in my own native land.

(Krasa) In your assessment, what are the chances that parliament will not pass the draft bill?

(Varga) The House of Representatives will turn the last word. But everything depends on the individual factors present prior to the plenary session.

If the government fails to have its own proposal adopted, it can resort to parliamentary tactics, ensuring a two-thirds majority accordingly. In view of the public sentiment and the attitude of parliamentary representatives toward the nationalities, I can say that if the government fails to take any measures, then the committee's proposal will be unequivocally approved and a law that is unique in present Europe will be passed. And that I consider cultural genocide.

### **Conflicts among Serbian Nationalistic Parties**

12/1991-6 Budapest 100/1748/1991.67  
or Hungarian 1 Apr 92 p 2

*[Article by Dragoljub Mihailović: "Conflict on the Right"]*

## YUGOSLAVIA

[Text] Milošević's liking for Šešelj ("he is financially independent of foreign countries and consistent in expressing his political opinion") is more than courtesy. Whether it is also an indication of a new restructuring in the political arena of Serbia will soon be seen. In any case, this slightly shocking reply by the president to the question "which opposition leader do you respect most" cannot be taken out of the context of our general situation. Its hidden meaning should also be sought.

With this kind of traditional opposition, Milošević can be calm without much fear for the near future. The meeting of 9 March showed a decline in the prestige of the major opposition parties (above all, the Serbian Renewal Movement and the Democratic Party); various surveys also confirmed this, but it also showed mutual disagreements which have recently broken out among members of the opposition. In addition, the opposition parties which are oriented toward authentic middle-class alternatives are still far from having any significant public influence. Hence, from this aspect, Milošević, regardless of the fact that the standing of the Socialist Party of Serbia is no longer as great as it was, is not only not threatened personally, but in fact would have no reason "to change anything in his policy."

A possibly stronger blow to his position threatens to come from other areas. A recent television broadcast of Banat Bishop Arsenija Jević and its far-reaching response among the public is new proof that the only force capable of threatening the stability of Milošević at present can originate in the very lap of the rightist nationalist movement which the president himself, after all, nurtured. The bishop's categorical demand that the president leave as soon as possible, and, above all, the bitter words of judgment, unusual for a spiritual father, far exceeds that which is heard from the opposition themselves.

Accustomed to attacks from various sides, Milošević, of course, would not have to be overly worried only because of this. But in the television broadcast there was much more than simple discordant verbiage.

According to witnesses of the producers of this [television] program, there have never been fewer telephone calls in the history of this popular program. They said viewers "were breathlessly" listening to the talkative bishop, not wanting to lose even one word by being detained on the telephone. Some, "wounded by the face of Serbism," discontinued reading content in his speech, others, weighed down by confusing national conditions, found new hope for their nation. This was that rare and happy moment for a speaker when the barriers between him and the audience, or at least a good part of the audience, are erased, and full identification between the two arises.

One could freely say that no public speech has so forcefully stirred up national emotions since the anti-communist revolution. Judging from viewers' reactions, Milošević now represents the old age and degeneracy of this national movement. The bishop is its renewing youth. In the name of this, the bishop not only disputed [Milošević's right to] the presidential chair but, above all, the right to further

carry the banner of national renaissance. Into whose hand should the banner now pass and who can return power and freshness to the timid national movement?

The bishop did not explicitly say, but even so, Milošević has adequate reason to fear serious danger which can darken his horizon and spoil political ambitions. Is it because of this that Milošević (in order to prevent the predicted blow) is now flirting with Šešelj, sending him messages about a public alliance which up to now, according to many witnesses, existed only secretly? And something else, of course, is much more important: How will the Serbian public respond to these challenges of restructuring on the nationalistic right? Does it want again to give itself to the hopeless illusion that the broken "Serbian case" can, nevertheless, be repaired, although at the price of further extremist behavior and perhaps prolongation of the war (as the latest situation in Bosnia accidental)? Or will it come to its senses from the obvious senselessness of victims lost up to now, and the knowledge that we are the only ones in the entire European area still hopelessly lagging behind on the road to democratic renewal (victory of the Democratic Party in Albania)? This is the fateful choice before which the Serbian public now finds itself.

### King, Composition of Crown Council Scrutinized

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in Serbo-Croatian / Apr 92 p 22

[Article by Vuk Okletić: "Did the King Deceive the Serbian Renewal Movement?"]

[Text] Recently in London, Prince Aleksandar Karađorđević named a Crown Council (as of now, he has named 13 of the planned 30 members) and Crown Chamber (as of now, he has named six of the 10 members planned), as an important step toward establishing a monarchy in Serbia. The composition of the Crown Council has provoked great dissatisfaction by the opposition parties of Serbia, and primarily by the Serbian Renewal Movement (SPO). Namely, it is strange that in the Crown Council and in the Crown Chamber there is not one member from the strongest Serbian opposition monarchist party (the SPO), which was most responsible for the fact that Prince Aleksandar came to Serbia for the first time in October 1991! One gets the impression that the SPO has been deceived by Prince Aleksandar. At the same time, at the expense of the SPO, some people from Belgrade who are not members of the Serbian monarchist opposition, or even of any opposition, received a place on the Crown Council: academician Matija Becković, Dr Branko Pešić, and Dr Pavle Nikolić, professor of constitutional law!

Recently, BALKAN EKSPRES wrote about Matija Becković, about who he is and how and why he became an academician although he has [only] a secondary-school education. M. Becković presents himself as a monarchist but distances himself like the devil from the Cross, from the SPO and other monarchist parties and even from the opposition in general! Architect Branko Pešić says of himself that he is a convinced monarchist. He acts as if the St. Sava Church on Vracač and the entire Vracač plateau were his private property! And how much a believer and

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member of the Orthodox Church and specialist for the Cross he is, as he says of himself, a best proved by the cross on the St. Sava Church. He defends the decision regarding this cross in philosophy, and in this way shows that he has no sense for Christianity, for firm and logic! This cross (probably the communists and godless are behind the idea) only needs a triangle to be the Serbian coat-of-arms! There is no such cross in the country of Serbia!

It was strange and suspicious to everyone that architect B. Pešić just before 9 March 1992 officially asked Patriarch Pavle that the St. Sava Church be protected from demonstrators and that the Liturgy and memorial service for victims of the war and of last year's 9 March demonstrators be held in the small St. Sava Church and not in the large church. Did architect B. Pešić in this way want to suggest to the Serbian public, especially to the Serbian church and Serbian believers, that participants in the 9 March 1992 opposition meeting will be an irresponsible, godless mob that will demolish and desecrate the St. Sava Church? Many people have connected such behavior by B.

Pešić shortly before 9 March 1992 with his membership on the Crown Council of Prince Aleksandar?

In regard to Dr. Pavle Nikolić, professor of constitutional law in Belgrade, suspicion was based on the fact that he was one of the advocates of the 1974 Constitution, which ruined Serbia, in contrast to Professor Mihailo Djordjević, who was a victim of his own just struggle against this constitution! The opposition parties of Serbia were also greatly annoyed that Prince Aleksandar did not accept the suggestion of the opposition that Branko Mihailović, son of Drago Mihailović, be named to the Crown Council or the Crown Chamber. It appears that Prince Aleksandar, in desire to flatter all parties in Serbia, even the communists, and all Serbs and national minorities in Serbia, decided to be a non-partisan and all-partisan prince, or king, although this was to the detriment of the SPO, the most monarchist and strongest opposition party in Serbia, which is responsible for the present successful promotion of Prince Aleksandar in Serbia! But, because of such conduct, it could happen that Prince Aleksandar might lose the support of the SPO, and it will end according to the folk saying: "He who plants pumpkins with the devil..."

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